

1940

# BUSINESS WEEK

WEEK  
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**INNESS  
CATOR**

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"*It is later than you think*"

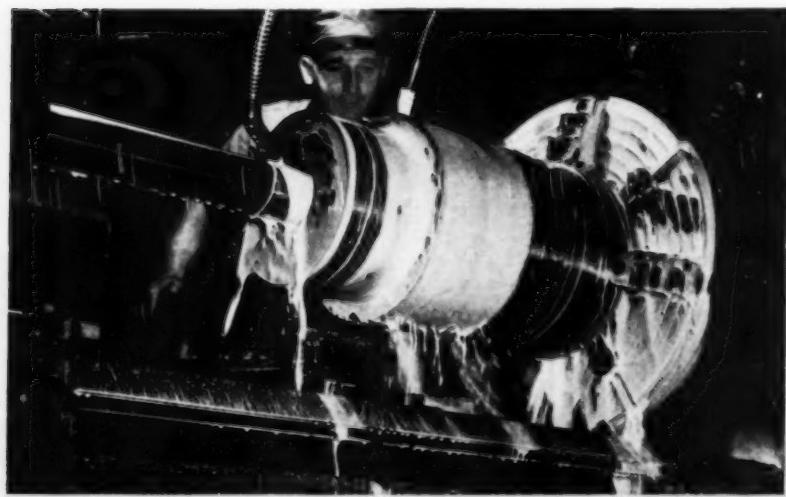
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Nero fiddled—but Rome burned. America *talks*—while the rest of the world is on fire, and the flames lick nearer our shores. Each group holds *its* special privilege as more important than the *liberty* of 130,000,000 men, women and children.

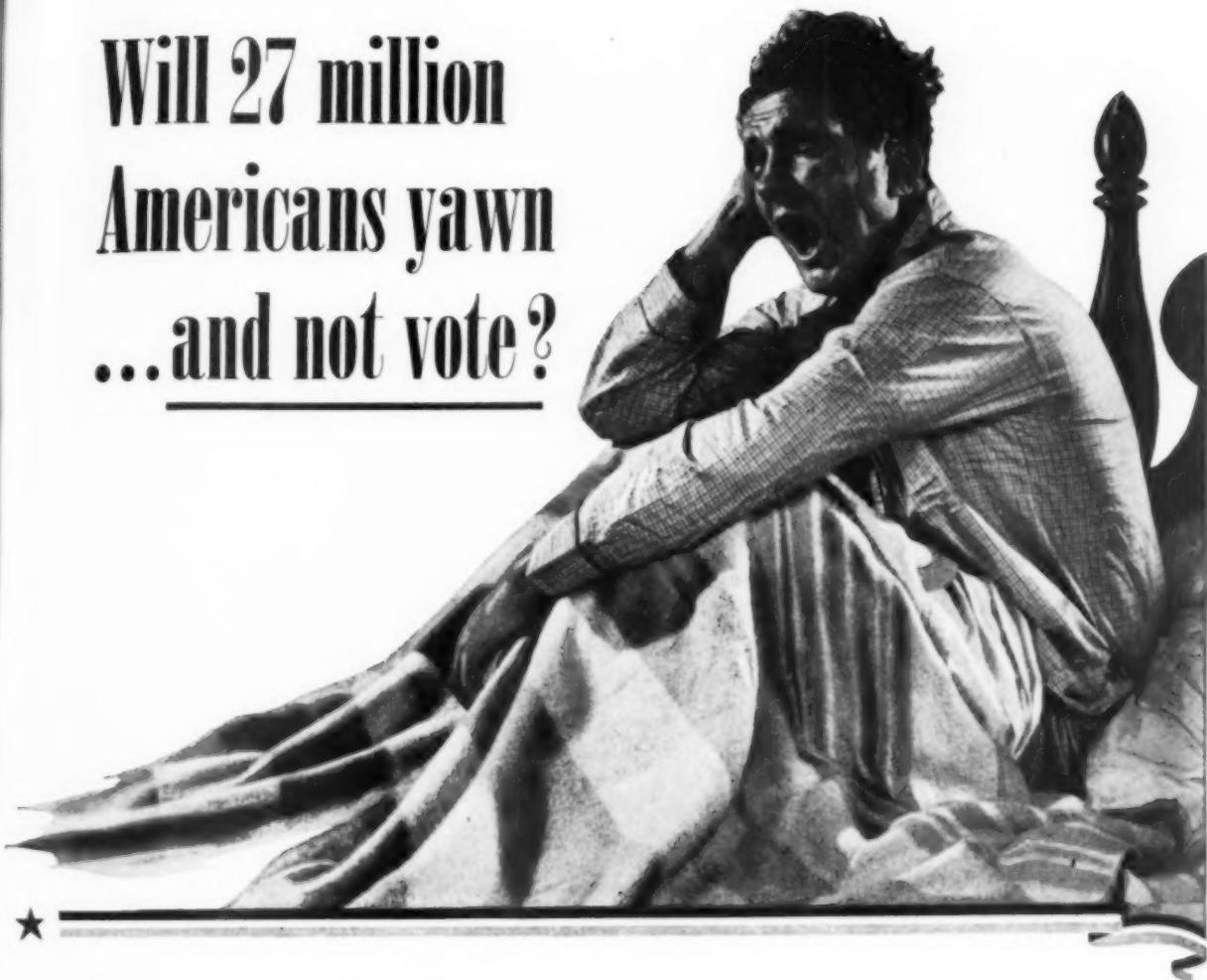
In Heaven's name let us stop mouthing hours and profits and political theories. *This country of ours is in danger.* Unless we stop talking and *get to work*, hours will not be 40 but 80—profits will not be guaranteed but gone—politicians will not be mending fences, they will be pounding rock—because this country will be one more of the slave states which met weapons with words . . . and died.

*Here at Warner & Swasey are 3,000 people in the business of making turret lathes—but first of all we are in the business of being Americans. We are doing our best, working 24 hours a day, turning out turret lathes as fast as we can to help America rearm. Won't you in your shop join us in ours—in working, and demanding work instead of words from others, in order to keep this country of ours safe and free?*

WARNER  
&  
SWASEY  
Turret Lathes  
*Cleveland*



# Will 27 million Americans yawn ...and not vote?



We Americans are certainly a contrary lot.

Let any election speaker ask the question: "Shall we Americans ever give up our voice in government? Our democratic right to vote?"

You know what would happen. Every last American would scream "No!" And mean it from the bottom of his heart.

Yet in the last Presidential election—the most dramatic chance a citizen gets to speak his mind—some 27 million Americans didn't bother to vote. Nearly 40%!

But maybe that is changing. Maybe Americans are rubbing their eyes and calling for a closer look at the national scene. Maybe

Americans are getting ready to do something.

One thing that makes us think so, for example, is that in the last year *The Saturday Evening Post* has published more searching portraits of people who run this country than ever before—boss politicians, big and little business men, big-shot labor leaders—heroes and villains. *And in the last year, the Post has had the largest circulation in its history—over three and a quarter million copies a week.*

Maybe people really are more interested in how things run than they used to be. We hope so. For if they are, it will go hard with the enemies of American traditions.

★ THE SATURDAY EVENING

# POST

... *America between two covers*



## SEE THE POSSIBILITIES OF MODERN POWER

American Industry, expanding to meet the Nation's need for greater productive capacity, has a vital interest in power. New standards of economy, capacity and reliability will be established. Recommendations of engineers will be reshaped by what they will see and learn at this year's National Exposition of Power and Mechanical Engineering.

To your engineers, as well as to your business and yourself, you owe a visit to this great biennial exposition. Here is your opportunity to see with your own eyes, to hear with your own ears, to weigh in your own mind, what is best for your own plant. You will see much of the equipment your engineers will recommend, discuss it with other engineers in attendance, be better able to appreciate the economies and reliabilities of modern equipment.

Visit this outstanding exposition and be sure that your engineers come also. It means much to your business.

Admission is by registration. Engineers and executives with power interest are invited. At least 40,000 will attend. Don't miss it.

*Enter as an Engagement  
Attend Power Show  
New York Dec 2-7*

## NEW BUSINESS

### Surprise

ONE OF those package-modernizers or container-improvers has laid hands on the old-fashioned catsup bottle and made it completely unrecognizable. Buffet Bowl is the brand name of this catsup, and it comes in a squat little pot-bellied jar with a wide mouth so the catsup can be dipped out daintily with a spoon. "Society Discovers a Catsup with Rare Social Grace"—that's what the ads for it say, and you've got to admit that social grace is something catsup never went after before. The reason Buffet Bowl has it apparently is that you don't have to be all the time smacking the bottom of the bottle with the flat of your hand to make it function. And you don't have to shake the bottle violently and ineffectually in the air above your hamburger, until you give up and relax—and then have the bottle respond with a joyful burble, and deposit a pool of catsup in your lap with a rich thud.

It's your choice, folks—either you go along with society and take your catsup with social grace, or you take it the old-fashioned way—with surprises.

### Household Hint

SEAGRAM MAKES whisky, but you have a hard time finding that out when you read some of Seagram's advertising. Something happens to Seagram's when it gets hold of advertising space, and it suddenly becomes a Force for Public Good. Instead of saying, "We Sell Whisky," Seagram is inclined to preach a sermon on the virtues of moderation, and to celebrate Father's Day not by running an ad suggesting that you buy the old man a snort of Seagram's, but by printing a long warning to the old man on what a disillusionment he will be to Junior if he gets plastered.

Seagram's latest advertising campaign is being devoted to "Household Hints." The first ad in the series is concerned with the fascinating topic: "Here's How to Loosen Windows that Stick." There is a list of 10 or 12 tips on how to accomplish this difficult feat, and then over in a corner is a list of five methods for distinguishing the distinctive qualities of Seagram's 5 Crown Whisky.

Seagram is pretty proud of this campaign. "The ads are exceptional," it says, ". . . in that the household suggestions have no direct link to the product advertised." O.K., Seagram, if you want it that way, but do you mind if we ask what happens when you do combine 5 Crown and 10 helpful household hints?

### Baby!

A FELLOW gets restless when he hears about a business like the Parents Guide.

Sitting behind his mahogany desk a fellow begins to wonder whether he's so smart after all.

Parents Guide ran an ad in the classified section of the Bucks County (Pa.) *Times* a while ago. The *Times* put the ad under the head, "Too Late to Classify," but a quick look was enough to convince you that the only reason it was there was because the paper didn't have a head set up for, "Impossible to Classify."

"Know the sex of your next child," the ad said. "Together with your name and address send one dollar and exact date of birth of your last child. If forecast fails, your money refunded. Parents Guide, General Delivery, New Britain, Pa."

Only business we know that's sure-fire. You can't lose—and you stand to win at least half the time.

### Gum

WE HAVE just been made a member of an organization known as the First Column Defenders. We have a shield, an official membership card, and a Certificate of Association to prove it. The certificate declares that all members "pledge themselves to guard our American principles and to keep our country free from influences un-American"—among other things.

The sponsors of this patriotic movement, you may be surprised to hear, are the manufacturers of a product known as First Column Defenders Chewing Gum. "First Column Is the Opposite of Fifth Column!" it says on the wrapper of every plug of gum, and with every plug, too, there is a picture card in colors of a stirring scene like "Our Flag Passes By."

First Column Defenders Gum is made by the Goudey Gum Co., the manufacturers of Oh Boy Bubble Gum. Times have certainly changed. All the Goudey Gum Co. had to do to sell us when we were a kid was promise us bubbles. Now they've got to start an American youth movement to move their gum across the counters.

### Religious Problem

THE MARINE Memorial Chapel at Quantico, Va., has the last word in church altars. To keep the maximum seating space for its congregations, and still hold both Catholic and Protestant services, Catholic and Protestant altars have been constructed so that they revolve on a specially-built turntable. They say it's quite a job getting people to leave the chapel after a service, because they like to stand around and see the altar revolve.

Business

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## WASHINGTON BULLETIN

**WASHINGTON (Business Week Bureau)**—Prophecies that a shakeup is coming in the Defense Commission are pretty wishy-washy stuff. They are based largely on the premature assumption that Roosevelt will get another mandate from the people, and that the third New Deal will revert to the character of the first and start pushing business around again.

Of course, you still can't assume, just because Roosevelt gave industry primary responsibility for building the war machine through the Defense Commission, that he loves business any better than he used to, but you can discount alarmist reports that the President is going to beat business over the head again or permit the left-wing to take over the handling of the defense program.

Leon Henderson is mentioned as the New Dealer who will be put in the saddle by Roosevelt. But you don't have to worry about him. Henderson is a member of the Defense Commission, and you can take it from his business-man colleagues that they see eye to eye on most things.

### Ready to Put on Steam

RIFTS AND SHIFTS are bound to occur in the Defense Commission in the course of time, but resignations and reorganization are less likely now than a month ago when the bottleneck in Congress had the commission pretty well stymied temporarily. If Roosevelt is victorious at the polls, you should look after election for a change in attitude rather than in personnel, for a recasting of the defense program and a much closer-knit, closer-controlled operation as Roosevelt pushes defense and aid to England with less political caution.

### Where They Mesh—and Don't

ACTUALLY the Defense Commission will give Roosevelt no cause for argument where New Deal policies tend to further the defense program. The Defense Commission endorsed expansion of TVA and will offer no objection to pushing the St. Lawrence power project. On the other hand, when Sidney Hillman attempted to hornswoggle fellow members into a policy of blacklisting firms with NLRB orders against them, a grand row resulted in the commission and Roosevelt kept his hands off—at least, publicly. As a result, Hillman's policy will be tempered by defense necessities.

On the one hand, the defense program won't be manipulated to enforce the labor laws. On the other, contracts won't go to firms that are in bad with the NLRB unless they are the only adequate sources of supply. The turmoil over Attorney General Jackson's ruling that a firm with an NLRB order against it

stands in violation of the Wagner Act until cleared by the courts involves, after all, a pretty academic question in view of the fact that NLRB has won 24 out of 26 Supreme Court cases, 103 out of 127 in the circuit courts.

### NLRB Rule Holds on Bids

ACTING Comptroller General Elliott's ruling this week that the Army and Navy can refuse contracts to low bidders has the effect of extending any policy adopted by the Defense Commission to contracts where advertising for competitive bids is preferable to negotiation of contracts. Because new legislation permits negotiation of contracts without advertising, they may be made on the same conditions when advertised, Elliott ruled.

### For Plane Standardization

APPOINTMENT of a committee on standardization of plane output (Knudsen,

Stimson, Knox, Morgenthau) has nothing to do with standardization of types (BW—Oct 5 '40, p7). Purpose is to put some high-powered names behind the drive to induce the British to accept U. S. standards as to details of the planes they buy. This is particularly important where the British are buying substantially the same ship as this government—such as the Curtiss pursuit model—and won't mean so much in plants like Martin where separate assembly lines are maintained.

A secondary motive is to provide prestige for a committee of the Army-Navy Aeronautical Board which is handling interchangeability of aircraft parts. This committee is working down at the level of the thread on screws and location of holes on a generator base; eventually it will work up to more important sub-assemblies—as far as the job can be carried without upsetting production. This military committee will carry most of the load of actual dealings with the British.

### On the Hemisphere Front

LOOK for rapid-fire developments—both military and economic—in the hemisphere-defense program.

The Reynolds Metals Co. deal to buy Brazilian bauxite is only one of a number of pending deals to draw on South America for increasing quantities of raw materials. Reynolds recently received a \$15,000,000 RFC loan to finance construction immediately of a new aluminum plant in the Tennessee Valley. Other deals involving raw materials in Venezuela, Chile, Bolivia, and Brazil are pending.

Denials of naval- and air-base deals in South America are to be discounted. Loans already under discussion outside the field of the Export-Import Bank are likely soon to be announced. First projects will include a naval base near Valparaiso, Chile, with a United States-provided drydock big enough to accommodate our largest battleships, and air bases in central Brazil and along the coastline near the "bulge," where invading planes from Africa could be promptly intercepted.

### Embargo on Imports?

FOR THREE MONTHS a bill has been held in readiness which would empower the President, at his discretion, to embargo imports, probably through a licensing system. The Japanese situation (page 15) creates an ideal excuse for offering this proposal and its appearance may be expected when Congress resumes business after election.

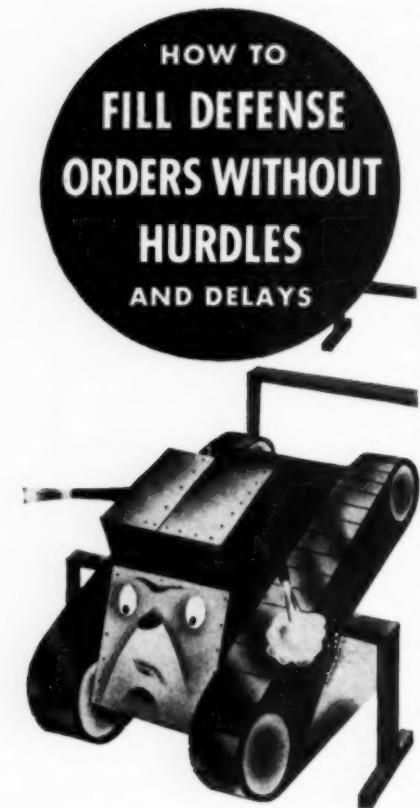
### A Waterway by Degrees

THE PRESIDENT has started a program of attrition to put over the St. Lawrence

### Congscription



In choosing a civilian, Dr. Clarence A. Dykstra, instead of a military officer, as Director of Conscription, the President seeks to persuade the nation to underwrite the proposition that in this peacetime mobilization of manpower, the young civilian is presenting himself for instruction in the mechanics of defending his country, rather than being impressed into the military service. Perhaps Dykstra's appointment will make it easier for many a young man to swallow this lofty concept. A school man first and foremost, the Doctor was himself "conscripted" by Roosevelt.



For speedy, careful manufacture of parts and supplies, turn to Massachusetts, which leads the country in skilled workmanship, as it has since industry was born.

Third among Eastern states in number of workers making machinery, etc.—first in the East, in such rigorously exact articles as machinists' precision tools—Massachusetts has an additional 10,000 metal craftsmen ready to go to work.

#### LEAST TIME LOST IN STRIKES

Your orders, in Massachusetts, also face no likelihood of delay due to labor disputes. Massachusetts for several years has led industrial states in freedom from time lost per worker in strikes.

*Write for current list of firms equipped to turn out all sorts of parts, machinery, objects of metal, wood, plastics, rubber, textiles, etc., on defense orders. Address your letter (which will be kept confidential) to*

## Massachusetts

Development and Industrial Commission  
State House, Boston, Mass.

COME WHERE BUSINESS AND  
LABOR UNITE FOR PROFITS

Waterway project a step at a time. More power for defense purposes is the first. Ontario will be permitted to cash in at once by diverting water at Niagara to generate an additional 70,000 hp. while a temporary joint U.S.-Canada committee is set up to direct test borings and similar preparatory work for a single big power dam in the rapids.

Ontario's payment for diverting water above the falls is to be turning in an equal amount of water from the Hudson Bay basin into Lake Superior. Only part of the replacement can be made at once; the rest will come within two years.

#### Boring on Blank Check

IMPLEMENTING the other half of the same deal between the two nations, the President has tapped his "blank check" fund for \$100,000 to begin test borings. This work is to be speeded, the State Department says, so that "the entire project may be started without loss of a favorable construction season when final decision is reached between the two governments." ★ In other words: Ground is being broken to undermine Senate opposition to a new St. Lawrence treaty involving power only—no navigation—and sprung as a "rush order" requiring quick ratification so as not to delay defense.

#### Navy Ordnance Plants

THE NAVY has \$115,000,000 which it could use to build new ordnance plants. A couple of officers are surveying Illinois, Ohio, Pennsylvania, Kentucky, Tennessee, and several other Middle West states for possible locations. They will make their recommendations to Secretary Knox.

It may be a month before any information on the decision will be available. Navy officials say that as many as six plants are needed. The survey doesn't guarantee that plants will be built in new locations. The money may be used to expand existing facilities.

#### Tin Headache

A TIN SMELTER for the United States is still one of the Defense Commission's biggest headaches. This week an effort was made to shift the job of finding an acceptable solution to a special committee of technical experts. The difficulty lies, not in lack of offers to go into the smelting business, but in such questions as where to put the plant, who's to put up the money, where the ore is to be obtained—and for how long.

The U.S. got its fingers burned in the last war because the international cartel crowded our smelter out of the ore market after peace was signed. The problem isn't quite as pressing, however, as it was several weeks ago. Tin ready to use is still coming into the country at a high rate and supplies on hand now are good for a year.

★ Key: Japan controls the pressure for a U.S. smelter. A rupture in the Far

#### Unpredictable Bear

DON'T EXPECT Moscow to line up actively against the Axis for some time, despite the Kremlin's suspicion over German troop concentrations in Rumania and the arrival—overland, in sections—of German submarines which are now being assembled in Black Sea ports, and despite Washington's recent gestures to appease the Russians.

Diplomatic bigwigs believe that Moscow will maneuver itself into a safe neutral position in the Far East by making a non-aggression pact with Tokyo similar to the one with Berlin, will not allow Axis troops to move through Turkey in the expected drive on Suez (though submarines and small troop ships may be allowed to pass through the Dardanelles); and that Washington's release of machine tools to Russia smooths over a threatening breach in Soviet-American relations but does not warrant any wishful thinking that the Kremlin is on the verge of political cooperation with London and Washington.

Eastern situation would make the smelter a No. 1 item for defense; easing of the Pacific crisis—meaning more time to build a stockpile—would permit more calculated consideration.

#### Wage-Hour Squawks

LABOR BOSSSES are getting riled up about wage-hour rulings and enforcement. They claim that Col. Philip Fleming is compromising cases on too easy terms to employers. Several members of Congress have picked up the cudgels against Fleming.

Senator Thomas of Utah, chairman of the Senate Labor Committee, has introduced a resolution asking the Wage-Hour Division to reopen inquiry into railroad payment of red caps, expressing dissatisfaction with the account-for-tips system of various terminal companies. Indications are the Senate will pass it, after election.

#### P. S.

"NO COMMENT," says the Post Office when asked why all U.S. mail for Germany and Poland now is routed over the Atlantic. Much of it had been going via Japan and Russia. The reason: So British censors can read it. . . . IN ANTICIPATION of shortages in certain key materials, automobile manufacturers are trying out cars embodying substitutes. . . . FIRST UNDERGROUND hangar reported is being built by the Navy in the Virgin Islands base. It's a natural: A hill had to be scooped out anyway; so the top was left on it.

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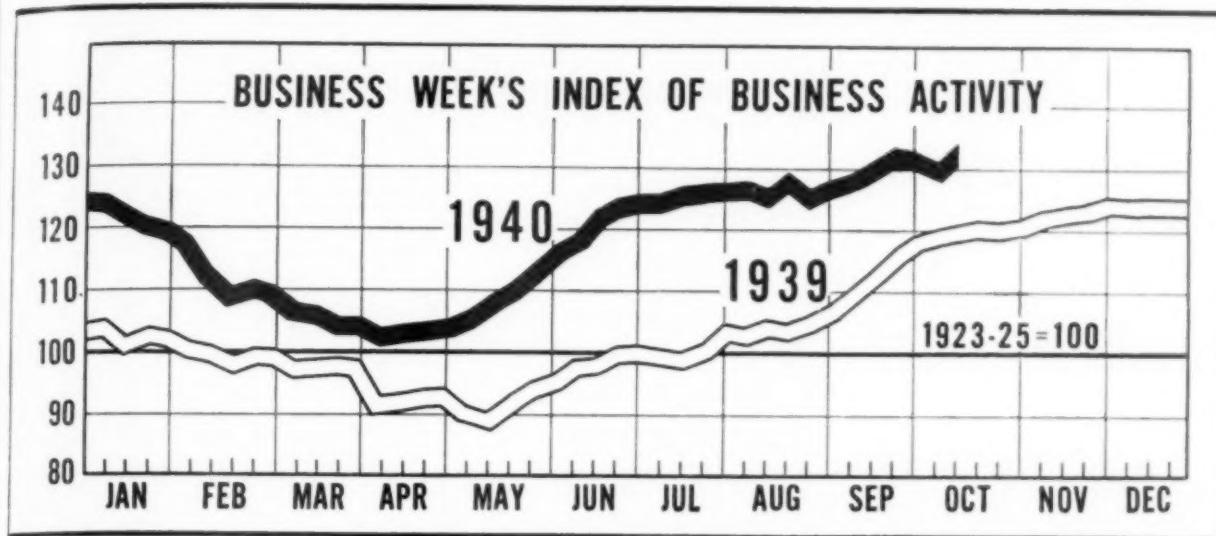
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## THE FIGURES OF THE WEEK



## THE INDEX.....

## PRODUCTION

	Latest Week	Preceding Week	Month Ago	8 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	94.4	94.2	92.9	60.9	90.3
Automobile Production.....	108,457	105,153	63,240	101,940	75,860
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$21,665	\$16,749	\$14,066	\$8,545	\$9,753
Electric Power Output (million kilowatt-hours).....	2,665	2,641	2,639	2,418	2,495
Crude Oil (daily average, 1,000 bbls.).....	3,642	3,481	3,647	3,854	3,714
Bituminous Coal (daily average, 1,000 tons).....	1,443	1,698	1,582	1,382	1,743

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	81	78	69	82
All Other Carloadings (daily average, 1,000 cars).....	51	56	54	34	57
Check Payments (outside N. Y. City, millions).....	\$4,212	\$5,008	\$4,217	\$3,903	\$3,993
Money in Circulation (Wednesday series, millions).....	\$8,199	\$8,172	\$8,080	\$7,509	\$7,346
Department Store Sales (change from same week of preceding year).....	+1%	None	+11%	-5%	+11%

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	163.3	160.9	156.4	160.1	168.0
Iron and Steel Composite (Steel, ton).....	\$38.07	\$38.05	\$37.94	\$36.56	\$37.62
Scrap Steel Composite (Iron Age, ton).....	\$20.67	\$20.62	\$20.13	\$16.08	\$21.00
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	11.365¢	11.500¢	12.500¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.81	\$0.79	\$0.74	\$1.04	\$0.82
Sugar (raw, delivered New York, lb.).....	2.78¢	2.79¢	2.69¢	2.88¢	3.55¢
Cotton (middling 15/16", ten designated markets, lb.).....	9.32¢	9.45¢	9.42¢	10.63¢	8.97¢
Wool Tops (New York, lb.).....	\$1.236	\$1.190	\$1.121	\$1.020	\$1.210
Rubber (ribbed smoked sheets, New York, lb.).....	20.38¢	19.79¢	19.22¢	19.07¢	20.36¢

## FINANCE

Medium-Grade Corporate Bond Yield (30 Ban issues, Moody's).....	4.57%	4.57%	4.60%	4.76%	4.00%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.09%	2.14%	2.20%	2.24%	2.66%
U. S. Treasury 3-to-5 year Note Yield.....	0.45%	0.45%	0.50%	0.45%	0.86%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-2½%	1½-2½%	1½-2½%	1½-2½%	2½-3½%
Business Failures (Dun & Bradstreet, number).....	270	252	249	341	237

## BANKING (Millions of dollars)

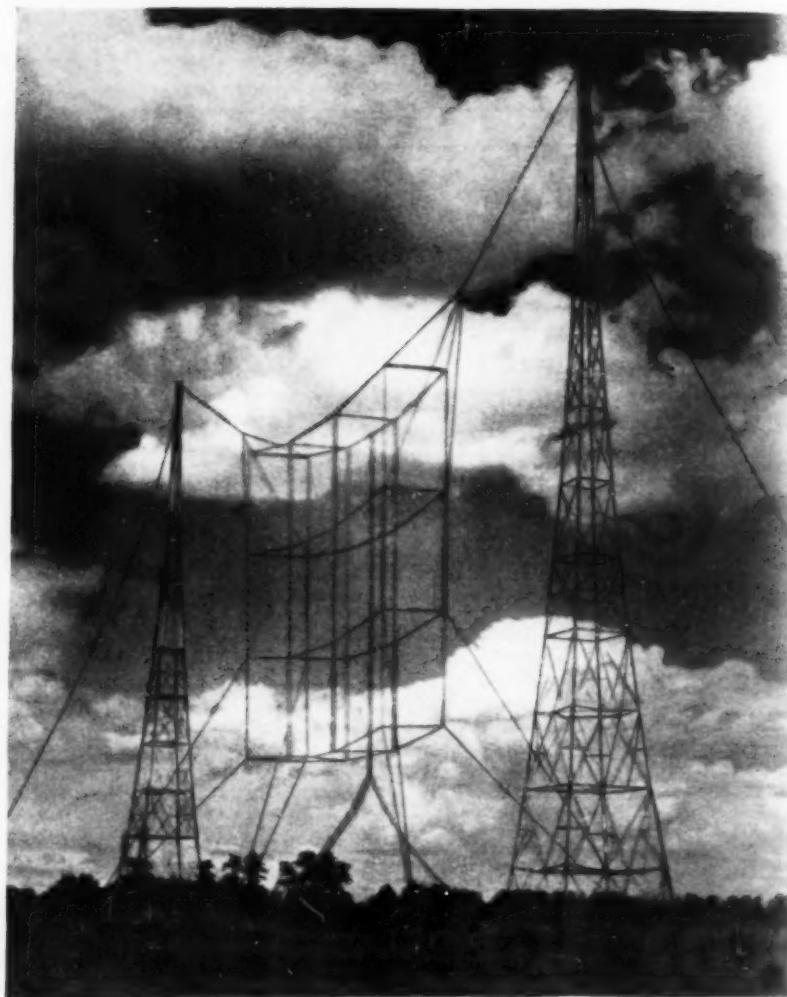
Demand Deposits Adjusted, reporting member banks.....	21,238	21,152	21,079	19,465	18,451
Total Loans and Investments, reporting member banks.....	24,327	24,329	24,294	23,466	22,568
Commercial and Agricultural Loans, reporting member banks.....	4,672	4,630	4,571	4,393	4,288
Securities Loans, reporting member banks.....	871	906	852	1,104	1,034
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,658	11,862	11,964	11,317	10,799
Other Securities Held, reporting member banks.....	3,669	3,682	3,665	3,518	3,361
Excess Reserves, all member banks (Wednesday series).....	6,820	6,720	6,541	5,949	5,399
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,445	2,482	2,485	2,500	2,610

## STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	102.0	103.1	100.2	119.1	125.2
20 Railroads, Price Index (Standard Statistics).....	29.0	29.4	28.3	31.1	34.8
20 Utilities, Price Index (Standard Statistics).....	59.0	59.6	60.3	68.9	68.5
90 Stocks, Price Index (Standard Statistics).....	84.0	84.9	82.9	97.5	102.1
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	480	507	365	1,069	1,048

\* Preliminary, week ended October 12th. † Revised. § Date for "Latest Week" on each series on request.

# WIRES WITHOUT BARBS



THESE wires are known in Rio de Janeiro, Valparaiso, and Buenos Aires. The messages they speak cross mountains and ocean and jungle to reach rubber planters on the upper Amazon and ranchers on the pampas of Argentina. Because of these messages, citizens of more than a dozen republics to the south know the United States better—how we live, what we think, how we feel. And from this better understanding comes the friendship on which the safety of the American hemisphere must depend.

For more than 15 years Schenectady's international broadcasting stations WGEA and WGEO have been interpreting the life and culture of these United

States to the people of our sister American republics. In 1939 they were joined by KGEI, a new G-E station in San Francisco. Day and night, in many languages, these three stations present free, uncensored news, entertainment, education. They act as ambassadors for peace in a world torn by war, as pioneers in the cause of hemisphere solidarity.

General Electric scientists and engineers for more than 25 years have played a leading part in the development of radio. Today, through the G-E international broadcasting stations, they are making important contributions to the defense program of the Americas.

*G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric*

**GENERAL ELECTRIC**



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# BUSINESS WEEK

October 19, 1940

## THE BUSINESS OUTLOOK

**Index spurs to another post-1929 high as heavy construction contracts reach record peak. Another jump in employment and payrolls is due next year when factories now being built are ready for operation.**

THIS WEEK the BUSINESS WEEK Index climbed three points to 134.4—another post-1929 top. The advance was due primarily to a record-breaking spurt in heavy construction contracts awarded. The *Engineering News-Record* total for the week ended Oct. 17 jumped to \$238,793,000, eclipsing by 31% the all-time-high week of Mar. 20, 1930, in the middle of the ill-starred Hoover sunshine campaign. In 1940 to date, heavy engineering contracts awarded have exceeded last year by 19%—and, as a building year, 1939 was no slouch.

### "Pattern of Progress"

Construction contracts will not persist at the \$200,000,000-a-week-level. This week's bumper total was the result of a congestion within a few days of awards for government-owned manufacturing plants, shipways, cantonments, barracks, and numerous private awards for new factories. However, it is logical to expect, as a result of the expenditures on defense, that contracts will continue to run high. For business is now in the new-construction phase of the defense program.

In every period of prolonged industrial expansion, there develops what might be called, for want of a better phrase, "a pattern of progress." Usually business men begin to stock inventories, partly in anticipation of a rise in activity which they hope will occur. The current "bull market" in business is no exception. The advance began last spring, after France fell and after President Roosevelt won from Congress large appropriations to increase the armed forces.

### Preparing for the Rise

Before government contracts awards were formally allotted, farsighted business men made forward purchases, and in numerous organizational ways prepared for a period of expansion ahead. The consequence was a quickening of the business tempo. Employment and payrolls increased and the statistics of business conditions began to look better. That was the first phase of the expansion—the inventory-stocking period.

Inventory-building is still going on. As consistently advised here, a policy of over-caution in business operations has become a greater hazard than under-

caution (*BW—Sep 21 '40, p13*). Boldness is in order. It is all very well to look far ahead to the deflation which will ensue when and if the defense program peters out; but it is unwise to act on deflation principles. Right now we are in an inflationary—an expansionary—phase of business. That is the important point to bear in mind. To allow the deflation of, say, 1943 or 1944 to dominate management decisions now is to put up storm windows in the summer because you know winter's coming on.

The burst in construction activity marks the second phase of the "pattern of progress" during a period of business expansion. Once inventories are increased and plant capacity limits are approached, managements must decide whether to en-

large factory space and install new machinery. The contract-award figures supply the answer to what management has decided.

Yet, new construction is only the beginning of another spurt in employment and payrolls. For once the factories are built, business men, perchance, must take on additional workers to operate them. That marks the third phase of this pattern of progress. Thus the pattern becomes nothing more nor less than what the economist calls "the inflation spiral." Once business starts up, under such a powerful impetus as national defense, additional investment in plant and equipment tends to keep it spiraling upward. It is a case of the trend feeding on itself.

### Retail Sales Prospects

Along about the first of next year, when the early-bird plants (the plants on which building began two and three months ago) get into operation, employment rosters will fill out. Unemployment will drop and payrolls will rise. The



*Except for the brief period of bonus payments in 1936—the church-steeple in the chart—consumer purchasing power is up to its highest level since June, 1930. Salaries, wages, dividends, interest, and almost everything else that goes to make up buying power are running at or above 1937 levels; the trend*

*apparently is still up. This suggests that retail trade in general will also rise, for there is a close correspondence between money people have to spend and the dollars which change hands across merchandising counters. Note how department store sales volume zigzags above and below the consumer income curve.*

effect will be to expand consumer income. Retail sales, accordingly, might well take another jump, as they did last month under the influence of the industrial upturn (see Outlook Chart).

Incidentally, the two-point drop in department-store sales from August to September possesses no fundamental significance. It was predicted here (*BW*—

*Sep 14'40, p13*) that the rush for fall merchandise when the weather turned cold in August inflated sales in that month, and a comedown in September was inevitable.

No straight-line advance in department-store sales is likely from now on; but with the index of consumer income payments pointing upward, a gradual expansion in merchandise volume is prob-

able. This means, of course, reorders by retailers to manufacturers and wholesalers, and the "pattern of progress" further unfolds. Renewed consumer buying keeps the spiral going. All of which emphasizes the intellectual shortcomings of a business policy which is guided by the deflation-to-come at a time when the spiral has hardly begun spiraling.

## The Regional Business Outlook



**CLEVELAND**—Business here is still expanding, but capacity has become a distinctly limiting factor. More manpower, more machines to turn out other machines, and more plant are the immediate needs.

Industrial bottlenecks have developed in electric-furnace capacity for melting steel, heat-treating equipment, heavy forgings, machine tools, and explosives. Many aircraft and parts factories are going up or are in the blueprint stages, even though government officials are not anxious to crowd additional ordnance facilities into this "war-baby" area. One effect of the industrial building upturn has been to take WPA construction workers off government rolls.

As a consequence of the heavy demands on the metal-working industries, many of the smaller shops are operating overtime—these were marginal plants back in 1934, 1935, and 1938. Machine-tool output in 1940 will be double last year's—but only because some companies farmed out business to firms allied to but not in machine-tool making.

### Coal Output Slumps

The tapering off in the coal industry is not to be construed as the beginning of a business downturn. Buyers had stocked up against the introduction of minimum prices on Oct. 1. Now they are waiting to see how price-fixing works. Therefore, coal production probably will turn up once current heavy requirements for fuel eat into inventories.

On the whole, income in this Reserve district is widely distributed among all classes of workers, and retail sales volume is likely to continue high.

**RICHMOND**—Under the impact of defense, employment in the northern sections of this district will be reaching new all-time highs in the coming months. Already this year, West Virginia coal output has run above 1937 levels, and dumpings at Hampton Roads (with coal exports 200% above 1939) have exceeded 1929.

Shipbuilding backlog at the Norfolk Navy Yard and the Newport News Shipbuilding and Drydock Co. now total almost \$1,000,000,000. Employment at the Hampton Roads shipyards and at Bethlehem's yard at Sparrows Point, Md., now totals more than 25,000, and during the next year the number of workers might well double.

### Airplanes and Chemicals

Payrolls are rising rapidly at the Glenn L. Martin plants at Baltimore, and in Washington, D. C., government offices are enlarging forces to handle preparedness work. West Virginia's chemical industry continues to grow, and new powder and nylon plants are going up in Virginia.

In the Carolinas, cotton-textile operations have risen, as expected (*BW*—*Aug 17'40, p13*). Last month's seasonally adjusted output was up to the peak levels of 1937 and last fall. Lumbering has been stimulated, and paper and pulp, furniture, tobacco, and hosiery operations have risen above 1939. Partly offsetting the drop in tobacco receipts, North Carolina's cotton crop is estimated at 200,000 bales above last year, while South Carolina has done better than its big 1939 cotton yield. Other farm income will not be up much; thus the marketing weakness of this Reserve district is in the areas dependent on tobacco.

**TWIN CITIES**—Livestock economics dominate income as the farm year draws to a close. There will be less corn to husk this month than in October, 1939; but only 25% of the crop is customarily sold. What deficiency there is will be more than made up by richer pastures and more abundant supplies of other feeds. Cattle on farms are still on the increase despite the good price level. Hogs, however, are fewer than a year ago.

Of the seasonal specialties, turkey harvesting—around Worthington and Atkin, Minn., and Fargo, N. D.—and sugar-beet refining—at East Grand Forks, Minn.—are getting under way. And the mild weather has been a boon to the hunting season and to such sportsmen's capitals as Aberdeen, S. D., and Marshall, Minn.

Building material dealers are feeling the effects of a good agricultural year, as farmers use their cash to make improvements about the farm.

### Iron Ore Tops 1937

Iron mining on the Mesabi Range has continued at a swift pace, and total shipments should better 1937's 62 million tons. Copper production, around Butte, Montana, also stimulated by national defense, is running 70% above 1939.

Minnesota manufacturing employment is slowly expanding, with some shortages appearing in the metal trades. The entire district is being combed for machine hands, before they migrate East. Some metal-working contracts have been awarded, and a new plant is going up locally. Duluth is busy on iron and steel. Red Wing on an Army shoe order, and Winona foundries are producing armament.

## Economic Thumbscrews on Japan

**American business, immune from serious reprisals, must make adjustments as Britain and U. S. push embargo program to throttle Nippon's war industries.**

THIS WEEK MARKS a turning point in the Orient. Since that night in September, 1931, when the "Mukden incident" touched off the war in Asia, Japan has gone almost unchecked from Manchuria to faraway Indo-China.

But this week both Washington and London warned Tokyo that they would retreat no further without fighting.

On Wednesday, the United States shut off, completely and absolutely, all exports of scrap iron to Japan.

On Thursday, Great Britain—obviously with encouragement from Washington—reopened the Burma road (see cover) to traffic for the beleaguered China government in Chungking. Washington had announced only a few weeks earlier a new \$25,000,000 credit for Chiang Kai-shek, bringing to \$70,000,000 the loans which this country has granted to help China continue its struggle to oust the Nipponese from the old Celestial Empire.

Both moves are tied to Washington's new policy in the Orient which calls for an end of note-writing and the beginning of a period of action aimed at forcing a showdown with Tokyo. Observers in the capital insist that this country expects to hold Japan in check simply by tightening the economic screws, but add that if the Axis-encouraged Nipponese government is seeking war, it is likely to have it. There is more than bluff in Washington's new stand.

### **First Move in New Offensive**

Our new embargo on scrap iron, though it will lose us a market for scrap iron which was worth \$32,000,000 last year, is nothing more than a first move in a new economic offensive which may logically lead to a total stoppage of sales to Japan if that country insists on pursuing an arbitrary course in the Far East. If that step is ever taken, the United States will be severing relations with its third biggest customer, whose purchases have averaged nearly a quarter of a billion dollars in each of the last few years.

Whatever is ahead in the Far East, it directly concerns business. Insiders insist that Washington will inevitably counter new Japanese moves by embarguing more items desperately needed by the Japanese war industries. Uppermost on this list—after munitions, aviation gasoline, and scrap iron, which are already embargoed or licensed—are expected to be steel, ordinary gasoline and lubricating oil, and machinery. Canada, which has been selling nearly 20% of its copper exports to

Japan, last week put foreign sales on a license basis and announced that only the United States and British buyers would be allowed to get Canadian copper. The United States, which supplied Japan with nearly \$25,000,000 worth of copper last year, could shut down on exports very quickly.

### **Could Get Latin America to Help**

Since London and Washington are cooperating closely in all foreign moves, any item embargoed by the United States is likely also to be embargoed by the entire British Empire. Though Japanese agents have been feverishly buying scrap iron in Mexico for the last three weeks, and could get copper from Chile and Peru, Washington insists that all Latin America will soon be sewed up voluntarily in Washington's cooperative economic program and could be closed to Japan if this country decided on a complete embargo of war materials.

Logical last step short of war in forcing Japan into line is a complete embargo on all trade in both directions (table, page 16). Though this would mean an annual trade loss to the United States of nearly \$250,000,000, it is Japan that

would be seriously crippled—and mainly by the inability to get from the United States machines and raw materials absolutely necessary to the country's war industries.

Japan produces only 10% of its normal oil needs within the Empire. The remainder comes mainly from the United States, South America, and the Dutch East Indies. Imports from the United States—many of them through the port of Los Angeles—amounted to nearly \$50,000,000 last year.

Tokyo has iron ore in Manchukuo and in China, and buys fair quantities from the Philippines, but depends on the United States for nearly 90% of the scrap iron necessary for its steel industry.

Last year, Japan was one of our biggest machine-tool customers (after Britain and France), taking more than one-fifth of all our exports. Deliveries of machines this year have been delayed because of Washington's system of priorities which gives preference to (1) domestic and (2) British buyers. These delays have already caused Tokyo to complain that it is seriously delaying expansion of the Niigata Iron Works, and that the aircraft and burgeoning automobile industry will be seriously affected if this year's deliveries of tools fail to arrive.

### **Cotton Ban Would Be Hard Blow**

Japan has sharply curtailed purchases of wood pulp in the United States this year but still depends on this country and Canada for almost half of the imports required by the paper and rayon industries.

One out of every six bales of cotton



*Sailing of the Army transport President Grant, from San Francisco last week, with troops bound for Honolulu, Guam, and Manila, shows how*

*Washington is preparing for a showdown in the Pacific, getting ready to back up her economic pressure on Japan with force if necessary.*

*Wide World*

exported from the United States last year went to Japan. In normal times—with the world's surfeit of cotton—Japan could thumb its nose at this country and fill its requirements in India, Egypt, or South America. But last week, on instructions from London, India ended its trade deal with Japan, involving the exchange of raw cotton for Japanese textiles, and Egypt is now pretty well shut off by the war. If the United States takes the drastic move of cutting off deliveries, one of Japan's biggest industries will be forced to shut down when stored supplies give out.

#### Silk Builds Exchange Here

Raw silk accounts for nearly two-thirds of the dollar exchange that Japan builds up in the United States each year. The rest of the \$150,000,000 to \$200,000,000 business is made up of small items—tea, electric light bulbs, canned fish, chinaware, bristles, toys, and small novelty items, no one of which amounts to more than \$1,000,000.

None of these is a necessity in the United States. Without silk, American women might be forced temporarily to shift their taste in hose and lingerie, but it is significant that du Pont announced only last week plans for a new \$11,000,000 nylon plant to supplement the \$17,000,000 factory already in operation, and expects by 1942 to be able to supply more than one-third of this country's requirements for full fashioned hosiery.

#### Ammunition in the Trade War

##### U. S. Exports in 1939

	Total (\$000 omitted)	% of total exports to Japan
<b>Total</b>	<b>\$231,418</b>	<b>7.4</b>
Raw cotton	42,488	17.7
Crude petroleum	20,924	22.5
Refined gasoline	22,621	23.3
Lubricating oil	5,184	5.7
Iron & steel scrap	32,593	59.6
Refined copper	27,567	33.5
Power-driven metalworking machinery	24,578	21.8
Autos & parts	6,420	2.5
Aircraft & parts	2,574	2.2
Wood pulp	1,948	30.0

##### U. S. Imports in 1939

	Total (\$000 omitted)	% of total imports from Japan
<b>Total</b>	<b>\$161,095</b>	<b>7.1</b>
Raw silk	106,936	88.5
Tea	3,304	15.7
Crabmeat	3,765	82.2
Tuna fish (in oil)	1,314	78.7
Fish scrap & meal	1,165	55.5
Pyrethrum flower	1,628	51.3
China and porcelain	2,072	58.5
Straw hats	1,199	46.2
Electric light bulbs	761	96.8
Toys	770	72.0

Washington is already carrying out its first skirmishes with economic weapons. The price of silk has doubled in the last year because New York—afraid its supplies will suddenly be cut off—has been laying in stocks. And Japan has bid up the price of scrap iron—even faster than the war has forced it up—because it has been trying desperately to lay in the supplies which can make it temporarily independent of the United States.

London, after reopening the Burma road, is waiting to see whether Japan will dare to bomb the route in British-controlled Burma or will take the more cautious alternative of striking at the flimsy road as it trails through the towering ranges in China.

Though Britain and the United States almost certainly have a full understanding about the mutual use of Pacific air and naval bases in case a showdown is precipitated, no public announcement of it has been made. A joint naval blockade of Japan is inevitable in the cards if worst comes to worst, but both Britain and the United States are obviously of the opinion that a joint embargo of war supplies, and of all trade as a last resort, may keep Japan in line for some time.

#### Merchants Exercise Caution

All of which means that business will be forced to make the adjustments and suffer whatever losses may come in the opening skirmishes of the struggle in the Pacific. The navy will be at hand but will be used only as a last resort in a final showdown. This explains why cautious American exporters have reduced their warehouse stocks in Shanghai and Osaka to a minimum, why new orders for the Orient are being filled only when the buyer pays cash in advance and takes delivery at United States ports, and why Wall Street decided it was time to unload Japanese bonds for what they would bring. Business sees a blow ahead and is reefing its sails.

#### Ford Account Shifts

##### Auto Maker's advertising switches from N. W. Ayer & Son to McCann-Erickson, Inc.

NOR FOR TEN YEARS has Ford Motor Co. been the biggest automobile manufacturer. Nor is N. W. Ayer & Son any longer the largest advertising agency. Yet to the world Henry Ford is still Mr. Big in cars; similarly, the agency name that is probably best known, at least outside the fraternity, is Ayer. Oldest of all existing agencies, founded in 1869, Ayer has as many advertising firsts to its credit as Ford has manufacturing firsts. It has seemed singularly appropriate that N. W. Ayer handle the Ford account, as it has done since 1927, in which year the Model A made its bow.

Hence, the advertising world was titillated this week, as perhaps it would have been by no other news, when word leaked out that Ford and Ayer had come to the parting of the ways. Henceforth, the Ford money will be spent by McCann-Erickson, Inc., and by Maxon, Inc.

Neither of these two is actually new to Ford. McCann-Erickson has been placing the Ford branch or dealer copy since the fall of 1933. And effervescent Lou Henry Maxon first cut into the pie when he nabbed the Lincoln-Zephyr division of the Ford account in August. This business he will keep and in addition he now gets the Mercury division. The two appropriations annually run to perhaps \$1,000,000. McCann-Erickson apparently will handle everything else—a total of about \$5,000,000 a year.

#### The Way the Trade Figures It

The trade is crawling with explanations for the shift. One rumor that appeared in the advertising gossip newsletter, *Space & Time*, was quickly labeled preposterous—that peace-loving Mr. Ford is piqued because Ayer is handling advertising for Army recruiting. Others say that a pragmatic reason for the change can be found in this 14-year record of new-car registrations:

Year	Ford	Chevrolet	Plymouth
	(In thousands)		
1927	393	648	—
1928	499	797	25
1929	1,356	807	88
1930	1,073	629	65
1931	529	583	94
1932	259	323	111
1933	311	474	250
1934	531	535	303
1935	827	657	383
1936	749	930	500
1937	766	768	462
1938	364	464	286
1939	481	598	349
1940 (8 mos.)	386	590	304

Ayer, like Ford, is mum. But one line of outside talk is that the agency has been forced to work within narrow limits, and has not itself been happy with what it feels to be the somewhat patrician style of advertising followed by the company. Another school of thought finds an adequate explanation in the record of McCann-Erickson on the dealer accounts.

#### Colgate, Continental Baking Move

One thing the week made clear—agency shifts come in bunches. For on Monday came the announcement that Theodore L. Bates, account executive of Benton & Bowles, is leaving to set up his own agency, and is taking with him the Continental Baking account and a lion's share of the giant appropriation of Colgate-Palmolive-Peet. Colgate spent more than six million last year and Continental more than one million.

Mr. Bates' new agency won't get all of the Colgate-Palmolive-Peet account. Sherman & Marquette (formerly Benton & Bowles, Chicago) will continue to place a part of the business. The precise split will be announced later.



## America's Auto for 1941 (and '42?)

**It's built with strong lines that will stand pat for a year if defense work prevents new-model changeover. Trucks, too, have their innings at the New York show.**

WAR THREATS add interest to the new cars on display at the New York Automobile Show (Oct. 12 to Oct. 20). In the back of every manufacturer's mind was the thought: What about 1942, when my machine tools and machine-tool men may be so busy with defense work that we can't shift to different models?

Examination of the 18 makes (200 models on display) shows that here are strong lines on which to stand pat for an extra year if it becomes necessary. They are generally larger, sturdier, faster, roomier, handier—and somewhat higher in price. There are few revolutionary changes; effort has centered on perfecting improvements previously introduced.

Last year Hupmobile disappeared. This year's fade-out is the Graham. Absence of these brothers is more than balanced by the presence of Ford's full line. Though Ford dealers have participated in the New York show, this is the first time the Ford company has come in. (Thirty years ago, Henry Ford played a lone hand in fighting and breaking the grip of the Selden patents on the industry when other manufacturers were paying license fees—has played a lone hand since.)

In body design, the new cars seem closer together this year though there

are plenty of particularities for salesmen to dangle before prospects. Generally the head-on countenance shows low frontal grills with bars running across in grins, or up-and-down in scowls between lamps set in fenders. Bumpers are heavier, are often joined to body plates by narrow decks, depend on rubber cushions to absorb shocks, have vertical shields to prevent locking in collision. Bodies tend to slope sharply in the rear, are wider to permit three in a seat without crowding.

Features that were once sales arguments for high-priced models are now incorporated in practically all lines. This is the case with two-tone paint jobs, hypoid rear axles, rubber insulation between metal units, twin tail lights, spring covers, the rust proofing of metal before painting, use of foam rubber over steel springs in cushions. Hydraulic brakes are practically universal.

### No Uniformity in Running Boards

But they haven't got together on running boards. Some (like the Lincoln Zephyr) have no running boards. Several Packard models retain running boards as optional equipment. Nash and most G-M cars have running boards but they are concealed and protected by covering flanges at the bottom of the doors;



The chassis—mechanical and human—always gets a play at the auto show. This year is no exception, as the exhibitors follow the time-honored rule of showing the customer—through the offices of a talented model—just what makes the wheels go 'round.

### What the Cars Cost This Year and Last

	1941*	1940*
Plymouth	\$780	\$740
" De Luxe	820	805
" Special De Luxe	840	...
Dodge De Luxe	920	855
" Custom	965	905
De Soto De Luxe	995	945
" Custom	1045	985
Chrysler Royal	1051	995
" Windsor	1125	1025
" Saratoga	1278	1180
" New Yorker	1545	1260
" Crown Imperial	2595	2245
<i>Ford group</i>		
Ford De Luxe	775	785
" Super De Luxe	820	...
Mercury	920	960
Lincoln Zephyr	1450	1400
" Custom	2550	...
<i>General Motors group</i>		
Chevrolet Master De Luxe	795	766
" Special De Luxe	851	802
Pontiac De Luxe 6	921	876
" " 8	946	...
" Streamliner 6	980	932
" " 8	1005	970
" Custom 6	1052	...
" " 8	1077	1072
Oldsmobile Series 66	945	899
" " 68	987	...
" " 76	1010	963
" " 78	1045	...
" " 96	1099	...
" " 98	1135	1151
Buick Special	1052	996
" Super	1185	1109
" Century	1288	1211
" Roadmaster	1364	1359
" Limited	2155	1942
Cadillac Series 61	1445	...
" " 62	1495	...
" " 63	1695	...
" Fleetwood 60	2195	...
" " 75	2995	2995
<i>Independent group</i>		
Crosley	349	350
American Bantam	515	500
Willys Americar	665	620
Studebaker Champion	770	740
" Commander	985	965
" President	1115	1095
Nash Ambassador 600	780	...
" " 6	930	985
" " 8	1051	1195
Hudson Six	793	765
" " De Luxe	856	806
" Super Six	932	870
" Commodore Six	994	...
" " Eight	1039	1011
" " Custom 8	1232	1158
Packard 110	1056	975
" 110 De Luxe	1116	...
" 120	1261	1146
" Super 8	1750	1632
" Custom Super 8	2587	2395
" Le Baron	5300	...

\* Quotations cover 1941 and 1940 "show prices" of the lowest-priced four-door sedans in each line and sub-line, all being based on "factory advertised delivered prices." Ford prices do not include federal taxes which range from \$22.31 for the Ford DeLuxe to \$69.50 for the Lincoln Zephyr Custom. Neither Crosley nor American Bantam builds four-door sedans; their prices cover their respective two-door convertible sedans. Dotted lines in 1940 column indicate no comparable models at last year's show.

"Unj



*The 1941 auto show is packing them in at New York, but the Gisholt Machine Co. figures it's got a pretty good auto show at its plant in Madison, Wis., too. And this one goes on every day in the year. In the fall of 1928 Gisholt took a picture of its parking lot (above). This fall, 12 years later,*

*it took another for contrast (below). Not only are this year's models better-looking, but there are a lot more of them. In 1928 the 800 Gisholt employees had 175 cars—which didn't come near to filling up the parking space. At the present time the 1,100 employees need space for 550 cars.*



G-M advertising makes much of the running boards as a safety feature. Dodge is an example of a compromise on a narrow running board partly covered. There is more uniformity in luggage compartments, where a real job has been done. The once-heavy lids now lift easily with the aid of springs. Handiness has

been achieved by fixing the spare tire upright at one side. Instead of the old raw and unfinished cavity it now has carpeting or rubber mats. It is lighted to facilitate unpacking at night. Rear lights (as in the Hudson) illuminate this space and make it possible to change rear-light bulbs without taking off the lenses.

With the lifting of the cat-walks (between fender and engine hood) the top of the front fender travels straight across to join the body. This gives a bolder look which is relieved by metal stripes—suggestive of the streaks a cartoonist draws when he wants to indicate great speed. Much attention was paid the Ford, Mercury, De Soto front fenders. They are in three pieces: front, top, side. So when the little woman misjudges and bumps a truck, only the injured part has to be straightened or replaced.

Door irritations are pretty well eliminated. The typical 1941 door will stay open when pulled wide, will not cllop you from behind while you are putting bundles inside. It also closes with a final "cluck" from its own weight or the slightest push of a finger. Lincolns have abolished inside door handles, replacing them with push buttons that release latches.

With some exceptions (Buick's new "fireball," two-carburetor motor is one, Nash Ambassador 600's "unitized" method of combining the body and chassis frame is another), the 1941 emphasis is on features and refinements that salesmen can talk up, rather than on interior mechanisms that prospects don't understand. Yet there is a little of both in the extension of new drives. The fluid drive, which created something of a sensation as a de luxe Chrysler feature, now is regular equipment of Chryslers and De Sotos (but not on Plymouths). Oldsmobile offers "hydramatic" drive which combines liquid coupling with automatic four-speed transmission, doing away entirely with the clutch, and gear shifting.

#### Appeal to Final Judges

Art and ingenuity have supplied the salesmen with plenty of material for the ladies who are supposed to have the final say on purchases. Panel boards and steering wheels are like jewelry compositions. Most steering wheels have two spokes, straight across. But the Studebakers have two or three spokes, Packards three or four, Dodges four.

Much is made of hood locks, like that of Pontiac which is operated from a control just under the instrument board. And of heating systems, such as Studebaker's "elimatizer" which circulates heated and filtered air.

In the convenience class are the automatic top raisers for convertibles. Introduced by Chrysler and Ford, they found great favor with the young set. You just pressed a button and vacuum power raised or lowered the top. Now these raisers are on practically all convertible coupés. But vacuum power depended upon a running engine, so the top lifters are now run by small electric motors.

Horsepower for the new cars ranges from 63 (for the Willys Americar) to 150 (for the top Cadillac). The Willys motor is a four-cylinder, capable of over 80 m.p.h. It claims 30 miles to the gal-

• •

"Unforeseen events . . . need not change and shape the course of man's affairs"



## The Case of the Disappearing Coal

Something was radically wrong . . . \$300 worth of coal was disappearing mysteriously *every day*. The chief plant engineer was puzzled. His whole force was stumped for a clue.

The case was turned over to a Maryland boiler inspector. He ordered the fires drawn, the boilers opened up to cool. Cautiously he crawled into their dark maws to find twenty-two boilers delivering only forty-five percent of their normal

power . . . yet demanding a full ration of coal!

Solved: the mystery! Saved: thousands of dollars in fuel! Sidetracked: a costly order for 10 additional boilers!

The regular inspection service which accompanies Maryland boiler insurance often uncovers savings that pay for the insurance itself! Available to factories, utilities, institutions and homes. Maryland Casualty Company, Baltimore.

## T H E M A R Y L A N D

*The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.*

ton as an attainable average at ordinary speeds.

The tiny Crosley is the Motor Show's really different car. It has the only two-cylinder and the only air-cooled motor on display. Arguments in its favor are low price, ease in parking its 80-inch wheelbase, gasoline economy. This year's Crosley has a six-gallon instead of the previous four-gallon tank. The capacity looks fantastic until you realize that the car will do 50 miles on a gallon.

#### **What the Higher-Priced Cars Offer**

It is a long jump from the \$349 Crosley to the big, \$5,300 Packard. Only one town car (a Cadillac) was shown at the New York display. But the high-priced cars still are very much in the running and this year they have features which prohibitive cost should keep out of the reach of lower-priced competition.

The higher-priced Cadillacs and Packards have push buttons which automatically raise and lower windows. Power for this is furnished by hydraulic pumps, run by small electric motors. Moreover, the top-flight Packards have a real air-conditioning unit (refrigerating apparatus and all) which is available for \$275 extra. For \$1,000 extra you can get a snooty walnut refreshment cabinet which fits in back of the front seat. It has a compartment for glasses, one for soda pop (or whisky), and one where ice is manufactured in two trays.

On the third floor of New York auto show, far from the cultured tones of actresses playing dramatized sales arguments and the more raucous cries of beautiful gal barkers, bulky gents study the truck displays. It is the only truck show that will be held in New York this year. Exhibitors in this division are Chevrolet, Divco-Twin, Dodge, Ford, Hudson, Plymouth, Pontiac, Studebaker.

#### **For Milk and Laundry Trade**

Most striking is the number of short, all-open models for brief hauls and many stops. They are aimed at the milk, laundry, and ice cream trade, the last urban stands of the horse. It was the high cost of stopping, waiting and starting that protected Dobbins in this field. That the problem is licked is evident from the fact the new four-cylinder Ford engine will idle 8½ hours on one gallon of gasoline. Further evidence is the sale by Divco-Twin of 2,600 trucks to Borden and about half as many to Sheffield.

The big, mountain-moving equipment is absent from the truck exhibits. Makers of such trucks are getting away from shows since sales are becoming more and more a series of individual problems. An example of the diversity needed is shown by the Dodge chart of truck models. There are 6 capacities, 6 engines, 17 gear ratios, 18 wheelbases, 112 chassis and body models, 23 frames, 10 spring combinations, 4 clutches, 3 transmissions, 6 brake combinations, 8 rear axles.

## **Work for High Court**

### **Decides to hear wage-hour tests—wide variety of business cases are included in heavy docket.**

WASHINGTON (Business Week Bureau)—Awaiting the Supreme Court when it convened this week for the first business session of the 1940-41 term was a heavy docket involving many angles of government regulation of business, labor relations, wages and hours, application of the Sherman Act to labor unions, taxation, and a wide variety of cases affecting particular industries.

Among the cases on which it granted review probably the two of most far-reaching significance are those involving the constitutionality of the Wage-Hour Law—the Darby Lumber Co. and Opp Cotton Mills cases. Consolidated into one action, these units will test the validity of a 32¢ minimum wage order for the cotton textile industry and application of the law to the production of lumber. Also protested is the right of the Wage-Hour Division to inspect an employer's records without first showing ground for belief that he has violated the law.

The court refused to reconsider its decision that 200,000 clerical and warehouse employees of motor carriers were subject to the Wage-Hour Law rather than to the more liberal regulations laid down by the ICC for drivers.

#### **Profits Issue Coming Up**

Important also for its determination of the government's power to regulate profits on defense contracts is the court's decision to hear the Justice Department's argument that Bethlehem Shipbuilding Corp. had made \$13,365,000 of unjustified profits on World War contracts.

The history of those times will be featured in another action which the court has agreed to review. It will pass on the legality of the awards made by the German-American Mixed Claims Commission arising from the Black Tom and Kingsland, N. J. munitions plant explosions.

Various cases under the Wagner Act which the court will hear this session involve the controversy over written and signed agreements to embody the results of collective bargaining (Heinz Pickle), the right of the NLRB to invalidate a closed shop contract and the board's power to require reimbursement by employers of relief agencies which have made payments to striking employees (Republic Steel). The board seeks a ruling that a "company union" need not be given notices of hearing in proceedings against an employer for its disestablishment (Sterling Electric).

The board's authority to designate a plant-wide unit for collective bargaining where an appropriate craft union exists is questioned (A.F.L. Machinists). So is the board's

authority to order reinstatement with back pay of employees who have refused transfer to other jobs (Continental Oil). This week the court agreed to hear the Link-Belt case which principally involves the application of precedents already established with respect to company unions and the coercion of employees.

#### **Antitrust vs. Picketing**

In other cases scheduled for action this year the Department of Justice seeks to invoke the Sherman Antitrust Act against labor unions to prevent picketing and boycotting pursuant to a jurisdictional dispute. A contrary ruling is sought by a milk-wagon drivers' union enjoined from picketing in an attempt to unionize a dairy whose products are delivered to stores.

Application of the Agricultural Marketing Agreement Act of 1937 to an intrastate milk dealer is in issue. The Federal Communications Commission is protesting against court review of its refusal to consent to assignment of a broadcasting license. In the celebrated Appalachian case, the Federal Power Commission is seeking to establish its licensing authority on construction of a dam on the New River in Virginia, which the lower court has held is not navigable.

The Federal Trade Commission is in court to support an order against boycotting by a trade association to suppress style piracy. Also in question is the Federal Trade Commission's attempt to establish its jurisdiction over intrastate business on the ground, in the case under review, that wrapping prizes with candy hinders sale within the state of candy from other states.

#### **Will Rule on Tax Problems**

Numerous federal-income-tax questions are before the court, many of them on conflicting decisions in lower courts. These involve the right to offset individual losses of partner against partnership profits, the right of a husband and wife filing a joint return to offset the capital losses of one against capital gains of the other, and the right of insurance companies to deduction of reserves for disability benefits. The court also has been asked to rule on whether foreclosure of property constitutes a sale or exchange under the capital-loss provisions of the tax laws. Also in question under the capital-loss provisions is the rate of tax applicable in case of loss on the surrender or cancellation of corporate obligations "retired" under a reorganization plan.

Questions of state taxation in dispute include the levy of Pennsylvania's personal property tax on the equity of a resident in intangible property held in another state, and application of Wisconsin's corporate dividend tax to dividends declared by foreign corporations outside the state and payable by checks on deposits in out-of-state banks.

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## Plane Looms as Freight Car's Rival

**Surveys indicate air costs competitive with ground express. G.A.T.X. says it's only a question of time, urges rails and airlines to enter the field together.**

A TOP-FLIGHT airplane manufacturer, distinguished for never talking nonsense, this month flatly asserted—not for quotation—that planes now on drawing boards could fly wheat to Europe cheaper than ocean vessels can carry it.

The statement is spectacular in comparison with known costs of cargo transportation. Regularly scheduled air transport charge for air express averages around 86¢ per ton mile. Rail express rates average somewhere between 12¢ and 18¢. Railroad revenues average below 1¢ and I. C. I. freight rates average just under 5¢. And steamship rates on wheat to Europe would average well under one-half cent per ton mile. Most optimistic claims ever advanced for the old Ford tri-motor tin goose, stripped down to haul cargo from the Rouge Plant to assembly plants, was around 10¢ to 15¢.

On the basis of these figures, there is a wide divergence of opinion on the practicability of a U. S. air freight system, but, while the debate rages, several substantial outfits are wagging exploratory fingers toward the gravy which might result from organizing such an enterprise. Last spring, for instance, in bucking Railway Express Agency's application for a certificate from the CAA, Grover Loening, former plane manufacturer, cited advantages for an airline-owned express ground service which might have served as the nucleus for a nationwide air cargo system. And only the other day U. S. Freight Co., sizable carload freight forwarder and motor truck operator, appointed an air freight consultant and let it be known that it would "take active steps toward establishment of the nucleus for a ground system to serve the airlines in any plans they may have to develop air cargo operations."

### Operating Costs Worked Out

Most interesting among recent developments is a proposal that got into print last summer, but was not publicly attributed to its source until this month. Sponsor of the idea is General American Transportation Corp., builder and operator of the thousands of special-purpose freight cars which carry the G. A. T. X. marking. Almost two years ago G. A. T. X. purchased Barkley-Grow Aircraft Corp. Until it recently sold this small unit to Aviation Corp., G. A. T. X. was busy trying to enlarge its market.

In the course of this market exploration, the company made an engineering-

economic study of the cargo-carrying field which it believes is the most exhaustive and authoritative yet undertaken. Its engineers worked out theoretical costs for flying cargo in a broad range of capacities and over assorted distances. Their results proved, as expected, that the larger the payload, the lower the ton-mile operating cost. This study included the operating costs of any ships that could probably be used on commercial airports in the next five years. The cost diminishes only slightly between 9½ tons and 13 tons, and in this bracket hovers around 5¢ per ton mile.

These costs check very closely with figures submitted last month by Curtiss-Wright as the result of direct flying experience with the new twin-engined Curtiss 20-C—the cargo version of the Curtiss CW-20—which has a maximum cruising speed of 222 m.p.h. and a payload of approximately 8½ tons. The U. S. Army has recently purchased 46 of a

similar type for military cargo carrying. The Curtiss-Wright figures show a direct flying cost of 6.14¢ per ton mile for flight legs of 200 miles, or 5.29¢ for 800 miles. The manufacturer calculates that with all additional costs, including pick-up and delivery service, this ship could handle cargo at a charge to the shipper directly competitive with railway express. The net conclusion is "that cargo carrying by air, in the United States, at rates equal or less than ground express rates may be carried on at the present time at a profit."

### Coordinated Action Urged

G. A. T. X. reasoning in the plan it is advocating runs about as follows: "The big ships are eventually coming, with a rate that will compete directly with Railway Express Agency's rates of today, as well as with high class I. C. I. freight. This will all come out of rail revenues, since the railroads own R. E. A. Nor can the rails, through their R. E. A., be expected to drum up air cargo business for the airlines as long as they have no equity interest in air cargo carrying and as long as R. E. A. can be tossed out on six months' notice at the option of the airlines.

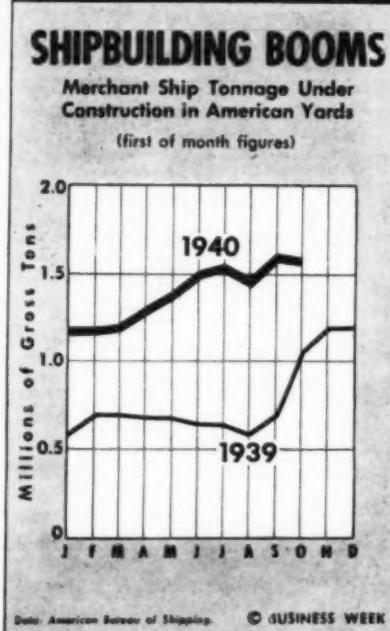
"The rails are bound in time to lose a lot of their creamiest tonnage to the cargo airplane. The cargo plane needs the rails and the express agency for economical nationwide handling of freight from and to off-airline points, for pickups and deliveries. Any study by the railroads or the airlines must show, just as our own study showed, that a coordinated activity is best for their respective interests, since huge planes flying capacity loads are essential to success.

"Therefore, the sensible procedure is to form a separate corporation owned by the railroads and airlines. Let the airlines fly the big cargo planes. Entrust ground delivery to R. E. A. Some autonomous, third-party management will be needed to act faster and more decisively than could 137 railroads and 17 airlines attempting to agree in advance of each step. The plan requires such services, though not necessarily from us. But we hope we might be picked."

### Railroads Examine Proposal

The G. A. T. X. economic study, which makes a book of tables, charts, and text two inches thick, was placed in the hands of all interested airline and railroad executives. The railroads are definitely studying it. Seaboard Air Line and the Kansas City Southern already have applied to the CAA for certificates to operate air freight service.

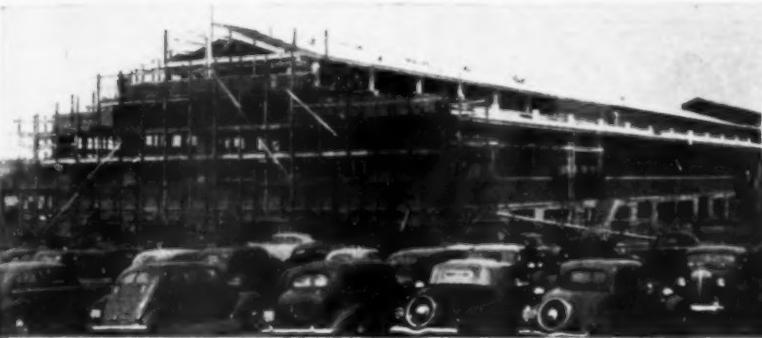
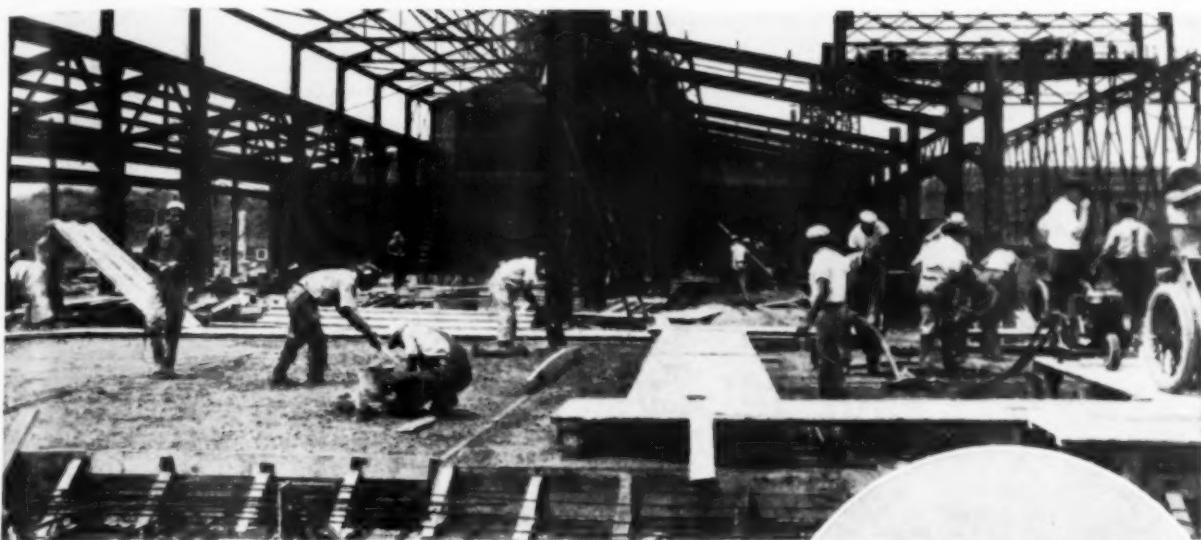
The airlines are looking it over, but apparently with less vibrant enthusiasm for a three-cornered arrangement in which they suspect they might get pushed around. Whatever their attitude—and they are not saying—the airlines are undertaking a complete survey of the air



*Peacetime shipbuilding activity will continue at its present high level as the Maritime Commission pushes its merchant marine program so this country will be ready for any emergency. Over 66,600 workers are employed in 406 shipyards which, on Oct. 1, had 329 vessels on the ways.*

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## Speeding Up the First Lines of Defense



**FOUNDRY EXTENSION**, The Bullard Company, Bridgeport, Conn.  
ENGINEER: Alexander D. Crosse, New York.  
CONTRACTOR: Turner Construction Co.,  
New York, E. A. Courter, Supl.

**H**URRY! HURRY! America's call is urgent for more armament, more tools for its manufacture, more facilities for making both.

The increased tempo of construction is indicated by the Turner Construction Company's speed in erecting the addition to this plant for the Bullard Company at Bridgeport, Conn., where heavy tools are made. 40% of the building was ready for occupancy in 46 working days—the entire building in 70 days. And at the normal costs, without increasing the regular 40-hour week construction schedule.

Quick service strength concrete made with Lehigh Early Strength Cement contributed to this construction speed. Used in the heavy floor slab, it reached sufficient strength to allow steel erection to follow in 72 hours, and in some cases 24 hours, after each floor section was poured. Much of the shoring needed on marshy ground was eliminated—forms were quickly stripped and re-used.

Speed up your construction by specifying Lehigh Early Strength Cement to make concrete that can be quickly put into practical use. It makes service strength concrete 3 to 5 times faster than normal Portland cement. It saves time, and often reduces costs. In cold weather the quick curing lessens the danger of frost damage, and saves one-half to two-thirds on heat curing costs.

Ask your architect, engineer, or contractor, or consult the Lehigh Service Department.



**LEHIGH PORTLAND CEMENT COMPANY**

*Allentown, Pa., Chicago, Ill., Spokane, Wash.*

# INDUSTRY calls for *speed* ...more speed

## And GAS comes through with stepped-up production, new economies

The accelerated trend to Gas for industrial heating processes today is peculiarly significant. It is proof that this modern fuel—quick-heating, accurately controllable, flexible, and economical—has all the characteristics to recommend it for the speedier production that industry demands.

Gas is quick-heating—which means

### CASE HISTORIES

*Proof that Gas Speeds Production, Improves Quality, Cuts Costs*

1. "One new Gas-fired radiant tube furnace increased output 2½ times that of two previously used furnaces using another fuel"—Wilson Steel and Wire Co., Chicago.
2. "Our work calls for precision control with speed. Low-cost Gas meets this requirement perfectly"—National Supply Co., Torrance, Calif.
3. "Better Product—25% fuel saving" with gas, says Forsberg Manufacturing Co., Bridgeport, Conn.

shorter time cycles, faster production. Gas is accurately and automatically controllable, both as to temperature and furnace atmosphere—which means precision manufacture, better quality, fewer rejects. Gas is flexible and adaptable to any plant layout—which means it can be fitted into a production operation quickly, easily and economically. And Gas is low in cost—which means production economy, bigger profits.

Investigate Gas for your plant. Your Gas Company will show you how Gas can step up your own production and, if you wish, give you facts on how other companies in your line have used Gas equipment to solve specific problems in manufacturing.

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cargo field and its potential volume at rates levels feasible to themselves and to the shippers. They already have their passenger ships loaded pretty well to capacity with air express, and have to leave some express behind on more trips than they like to think of. At that, their total revenues from express are almost insignificant. For example, in the 1939 fiscal year, passengers accounted for \$28,000,000; mail, \$16,500,000; express \$1,500,000. The one thing the airlines are sure of is that they cannot cut rates for cargo carried along with passengers in a plane. They say that until someone shows them a single-purpose economical freight ship, they are keeping open minds.

### Defense Provides Facilities

A timely angle to the current discussion is found in its relation to national defense. To be sure, it would be pretty tough to get production on any very large volume of cargo planes right now, while every plant is loaded to the eaves with U. S. and British military orders, and the airlines are crying for passenger transport equipment. But the defense program for airport construction is destined to provide fields of new dimensions, adequate to handle the big cargo planes which today might have difficulty at such important points as Chicago, Detroit, and Washington.

Say the advocates of starting a freight system right now: "The defense program is clearing the way for freight operation, and the commercial operator may as well use these facilities. The government is eager to have a post-war production program for the rapidly expanding airplane industry. If the spadework is done now on air freighting there will be a market ready and waiting when the rush of building military planes comes to its eventual end. Finally, the existence of a system for carrying cargo at 225 m.p.h. would be of immediate value in opening defense industries' production bottlenecks and would be of potential military value in any acute emergency."

Unquestionably there is going to be a big-scale air cargo service some time. The question is: When will it be economically practical?

### New Truck Safety Rules

A REVISED EDITION of safety regulations prescribed by the Interstate Commerce Commission for motor carriers operating in interstate commerce will be off the press sometime next month. These regulations will make explicit the application of the Wage-Hour Law to the operators of for-hire and privately-owned trucks (*BW—Oct 12 '40, p 24*). Specifically, they exempt drivers from the act with respect to the 42-hour work week but not with respect to the statutory minimum of 30¢ an hour. Clerical and warehouse workers are subject to both wage and hour provisions (page 20).

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## To Keep Prices Down

**Retailers draft plan to control unwarranted advances, get Department of Justice O.K.**

HARRIET ELLIOTT, consumer member of the Defense Commission, is calling wholesalers to a conference, Nov. 12 in Washington, similar to the one held by retailers six weeks ago. A national advisory committee was organized by 52 retail organizations following their conference (*BW*—Sep 7 '40, p22), and a plan has been worked out for squelching unwarranted price-kiting of consumer goods.

Largely, the plan calls for voluntary action by the retail trade, but it provides that if cooperative action is ineffective in a given situation and the reason for price increases seems to be collusive action, the entire case will be turned over to the Department of Justice. To avoid any embarrassment under the antitrust laws, the committee submitted the plan to Assistant Attorney General Thurman Arnold. Mr. Arnold promptly replied this week that he could see no objection to the plan.

Chiefly, the committee's function will be to gather and pass on information. It will inquire into prices in the pre-retail levels and refer seemingly unjustified increases to the trade associations most affected; it will discourage "buy now" appeals where no shortages exist; and it will publicize government purchases so that normal trade will be interfered with as little as possible.

## Roads O.K. Rate Cut

TRANS-MISSISSIPPI wholesalers have vigorously opposed a change in Rule 10 of the Consolidated Freight Classification for railroads as giving aid and comfort to their chain-store and mail-order competition (*BW*—Sep 28 '40, p26). But last week the roads' Western Trunk Line Executive Committee approved publication of the revision.

Under the old Rule 10, a mixed carload of rail freight takes the carload rate applicable to the highest classed or rated article in the mixture. The revised Rule 10 would apply the carload rate for each specific item in the load to the actual quantity of each article in the car. Experience in the East and South, where the revised rule has been in effect for six months, shows that it has brought back to the rails a great deal of freight which had been moving by highway truck.

Before publication, the new rate will have to be voted on by the Western Traffic Executives Committee, whose members are the top traffic executives of the western, southwestern, and transcontinental lines.

The Interstate Commerce Commission—which approved the same change in the East and South—likewise is expected to okay the revision.



## Financing Defense

**I**N connection with the National Defense Program many companies are being invited to bid on orders not only for products in their regular line but also for products that they are competent to make but which may not be related to their normal production. This may require plant alterations or additions, installation of special machinery, and bring about a need for additional working capital.

**The Guaranty Trust Company of New York desires to participate in the financing of such requirements, not only as a matter of good banking but also because of its desire to coöperate with the nation's program.**

We would welcome an opportunity to discuss with business executives any needs their companies may have in these respects.

## Guaranty Trust Company of New York

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Wide World

An old axiom in the A.F.L. settles all jurisdictional questions on wood-working trades: "God gave the forests to Big Bill," 290-lb. William Hutcheson (left) is boss of the carpenters, A.F.L. vice-president, labor member of the Republican National Committee—and, until the C.I.O. came along, was supreme ruler of every labor group whose members had anything to do with wood, from tree-trunk to varnished imitations of Duncan Phyfe. So autocratic and distant from the rank and file is he that he calls conventions at seven-year intervals. Such high-handedness bred



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opposition, and in 1936 the C.I.O. took an estimated 100,000 timber workers away from him and gave them a separate organization over which presides Harold Pritchett (right). Called "Canadian Harry," to distinguish him from "Australian Harry" Bridges, who is his close co-worker in the Pacific Northwest, Pritchett was absent from his organization's convention in Aberdeen, Wash., this week. The State Department had refused to renew his alien visiting permit upon protests from business groups in the Northwest who consider him a Communist.

## Again—Trouble in Lumber Camps

**Orders mount for mills in Northwest, but industry is torn by A.F.L.-C.I.O. fight, with C.I.O.'s union split over red issue. General accord seems a remote possibility.**

SAWMILLS in the Northwest were humming at full capacity this week to keep pace with mounting orders from government and private sources. The national defense program, demanding an estimated 1,500,000,000 ft. of Northwest lumber during the next 18 months, has turned a fair year for the industry into a very good year. Orders are running about 25% greater than during the early summer months, according to the West Coast Lumbermen's Association. Northwest business is smiling.

Only dark cloud on the lumber horizon is the unsettled labor situation. A bitter, industry-wide jurisdictional fight between the A.F.L. Brotherhood of Carpenters and Joiners, under William Hutcheson, and the aggressive C.I.O. International Woodworkers of America, under the alien, pro-Bridges Harold Pritchett, for control of the 90,000 loggers and sawmill workers, has spotlighted last week in the turbulent, fist-fighting convention of the I.W.A. in Aberdeen, Wash.

Because lumber sets the pace for business in the area (the industry hires 60% of all industrial wage earners there) executives are watching all angles of the situation carefully.

A wave of private lumber buying, foreshadowing the defense program, brought a big upturn in orders during July and August. Government orders followed in August and September. The two streams met and swept the industry on Oct. 1 to an accumulation of unfilled orders equal to 70% of its gross stocks.

The sustained spurt in buying, against stocks that had been reduced for a low-volume market, caused a flurry in prices with an advance during August and September of 10% to 15% on the yield of an average Douglas fir log. Since the first of the month the lumber market has recovered from its runaway tendencies and has settled down to "sawing wood" in earnest on the large national defense orders.

Export markets, which formerly took

from 15% to 20% of the cut, were greatly restricted prior to the war by troubles in the Orient, the preferential tariff of the British Empire, and the economic difficulties of Latin America. The war has created a demand for all the Sitka spruce aircraft lumber that West Coast mills can produce, and for occasional cargoes of heavy timbers, ship decking and other specialties. As a whole, offshore trade is at a low ebb, taking less than 6% of total lumber shipments.

### Still Vexed by Labor Conditions

Meanwhile, Northwest lumber producers are facing the same uncertain, hampering, labor conditions that have vexed the industry since World War days when the I.W.W. flourished and it required the Army, with fixed bayonets, to get trees cut down. A few of the more optimistic observers see the current wave of prosperity in the industry bringing a policy of employer appeasement from both C.I.O. and A.F.L., but they admit there are no surface indications of such a trend.

When the A.F.L. carpenters took the loggers and sawmill workers under their wing in 1935, the membership list totaled about 1,900. This small group took the industry (90,000 men) out on strike in an effort to boost basic hourly wages from 50¢ to 75¢. They got a 5¢ gain. In 1936, after spasmodic strikes, negotiation increased the wage to 62½¢. But the men still dreamed of the 75¢ objective and chafed at paying dues to an outfit in which they appeared to be "only a side issue."

In 1937, a C.I.O. charter was issued to Pritchett and 10 others. Dissatisfied workers flocked to the banner of the new international which was "going to show the lumber barons some action." At that time there were about 58,000 men organized in Oregon, Washington, Idaho, Montana, and northern California, mostly in fir, and 65% joined the C.I.O. A.F.L. kept the rest.

### Competing Unions Clash

Then the battle began. The carpenters put a boycott on all C.I.O. lumber, tried to get A.F.L. marine firemen and sailors (then independent) to refuse to load C.I.O. lumber. Pickets picketed pickets and mills closed. Public opinion forced cessation of open hostilities and the situation relaxed to guerrilla activities.

Lately, the Harry Bridges-Pritchett-Communism issue has split the I.W.A. An anti-Communist bloc, led by the Columbia River District Council, challenged leadership of Pritchett and O. M. Orton, vice president. Both have been tagged with the red label.

At last year's I.W.A. conclave, a "Communist purge" resolution was defeated but last week the 1940 meeting passed one after a session that saw William Dalrymple, Oregon C.I.O. director, walk



Look, mister! Even if you never give a thought to freight, you still have a *big stake* in modern motor transportation!

Trucks are cutting your living costs—reducing the price of food, clothing, and practically everything else you buy.

The map at right explains why.

Trucks roll straight and direct from shipping platform to receiving dock—the shortest route—with no re-loading—no stop-overs—no costly delays. Motor freight is never side-tracked! All that helps bring prices down.

And—if you're a business man—here's what motor freight is doing for you in a *business way*...

Trucks widen your market, bring

more people within selling range—provide regular service to over 48,000 communities *not served by railroads*.

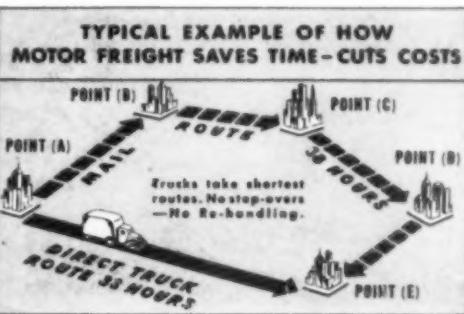
By speeding goods from producer to buyer, trucks prevent excessive inventories...accelerate turn-over. On both long hauls and short...motor freight comes through promptly...and with maximum dispatch and greater over-all economy.

Less time in transit means more *selling time*—merchandise displayed days, or weeks, ahead of competition.

And motor freight arrives in better condition—perishables still prime—fashions still hot—"handle

with care" goods really handled with care.

Today—you're helping America...you're helping your customers...and helping *yourself* when you specify "SHIP BY MOTOR FREIGHT"!



This is an actual example of the comparative speed of motor freight. Proof of this statement furnished on request.



# AMERICAN TRUCKING ASSOCIATIONS

WASHINGTON, D. C.



## HOW MUCH GAS DOES YOUR ADDRESSING TAKE?

What would you think of an automobile that would run faster and more smoothly at one-fourth the gasoline consumption of your present car? Certainly you would quickly decide that a change in automobiles would be a profitable investment for you.

The "gasoline consumption" of a mechanical addressing department is the money you spend each year for keeping your file of address plates up to date. This expense is vastly greater than the time spent in actual addressing. Because the new Elliott type-writeable address card has eliminated 8 costly operations in the preparation of a single address plate, a little arithmetic in your addressing department will show you why a change to the Elliott System will pay for itself very rapidly, and continue to save you money every year.



A booklet telling twenty-eight reasons why it pays to change to the Elliott addressing system will be mailed to metal address plate users if requested on your business letterhead.

**The Elliott Addressing Machine Co.**  
151 Albany Street Cambridge, Mass.

out with his followers when he was refused the floor. Later he walked back in again in an effort to oust Pritchett.

Although the Pritchett forces had enough strength to keep the anti-Communist bloc from declaring his office vacant, they didn't have enough to discourage or overwhelm opposition. Harry Bridges was met with boos and hisses when he talked. And big Don Helmick from the Columbia River district mimicked his Cockney accent in a speech that followed.

### Aid of Lewis Sought

Late Saturday afternoon, Orton attempted to adjourn the convention and let the executive committee handle pending business. He was met with jeers. His forces carried the motion, however. But 100 delegates, roaring mad, marched through rain to another hall for a convention of their own. There, with outspoken Al Hartung (president of the Columbia River District Council) presiding, they approved a petition asking John L. Lewis "to take all necessary steps to correct Vice-President Orton and Secretary Bertel J. McCarty."

Today I.W.A. claims 100,000 members, probably has about 25,000. At the Aberdeen meeting 19,000 ballots were cast for president (delegates vote the dues-paying membership of their locals). A.F.L. carpenters claim 40,000. C.I.O. holds an edge among loggers; A.F.L. dominates sawmill men.

Weyerhaeuser, largest single operator, has no organization in his plants except at Snoqualmie Falls, Wash., where A.F.L. has gained a foothold. He has kept above the prevailing wage and only recently raised the basic rate to 65¢, which is 2½¢ above the prevailing basic.

Although C.I.O. is making some agreements for a 2½¢ raise, A.F.L. is asking for a 7½¢ boost and one week's vacation with pay. If demand for lumber continues to rise, a general increase in wages is likely, observers believe.

It is doubtful if there will be an industry-wide agreement for many years.

## Restaurants: 1940 Style

They represent a major, if precarious, industry. Right now the drive-in is causing a stir.

THE RESTAURANT BUSINESS is the third largest retail trade in number of units, and seventh largest in actual sales. By the industry's definition, a restaurant is an establishment that makes serving meals its primary concern. Omitting drug stores, hotel, retail stores, and other institutions with meal departments, the country's restaurants number more than 150,000.

Another important statistic is that 75,000 restaurants change hands or go out of business each year. This ranks restaur-

rant-keeping as the vocation most hazardous to the entrepreneur's bankroll and shows that the belief of every Tom, Dick, and Harriet that he or she can run a successful eating place is strictly the bunk. Of the 150,000 restaurants, 23% (in city areas where volume is big) do 72% of the business, and make practically all of the net profit.

Last week some 13,000 restaurant representatives had an opportunity to talk over their problems. The occasion was the National Restaurant Exposition, on an upper floor of Chicago's Furniture Mart, staged by the big food companies and the firms that sell equipment for food preparation.

The visitors eyed appreciatively such gadgets as U. S. Slicing's "Delicator," which runs 58 razor-thin blades through a piece of raw meat so tidily that when the steak is cooked the diner can't find the marks. And they demanded proof of the asepsis claimed for table silver cleansed in Foley-Irish's wash-rinse-dry cylinder machine and for glass and china washed in G. S. Blakeslee's new extra-compartment dishwasher.

### The Reward of Merit

Restaurant people complacently credit their better business of recent years to accretions of merit. They claim that the typical successful restaurant man is a high-grade American who knows what his fellow citizens want to eat and the surroundings they want to eat it in. Hence the modern selection of a few vastly popular dishes instead of the traditional two-foot-square menu listing many items for which demand was so light that more of the food reached the garbage pail than the dinner plate. Hence the modern quarters, air-conditioned and acoustically treated, frequently redecorated and refurnished not only to lure business away from competitors but also to create brand-new restaurant customers—of whom today, the industry claims, there are millions who always used to eat at home.

Cafeterias are no longer increasing their proportion of the total restaurant business, as they did back in the 1920s. Drugstores continue making inroads. Plant cafeterias do not bother them, because the fellow who eats there would otherwise eat out of a dinner pail.

### Chains Do 14% of Volume

Because a successful restaurant depends upon the boss's close supervision of a million and one details and upon a lot of on-the-spot decisions, chains have never been a serious problem to the independents. Chains do only 14% of total volume, and few chains approach the industry average profit of 5%–6% on gross sales. Outstanding exception is the Stouffer chain.

Newest industry trend is the drive-in, right now panicking everybody. A drive-in has an outlying location, where land

is cheap, with liberal purpose efficient investment is required. Restaurant of some climate, best dent are just Middle V.

Biggest food, ave higher than restaurants, the hotel diners about right answer to restaurant stand him a room or service.

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is cheap, away from downtown traffic, with liberal parking space. It is a single-purpose building erected to house an efficient restaurant operation, and an investment of \$100,000 in plant and equipment is not unusual. Beyond these requirements, it may be merely a big restaurant, or it may provide an elaboration of soda curb service—it depends on climate. Drive-ins have made their biggest dent on the East and West Coasts, are just getting a good start in the Middle West.

Biggest cost item in a restaurant is food, averaging 46% of total sales. The higher the food cost of a city's restaurants, the tougher the going for the hotel dining rooms, which consider 33% about right. Coffee shops are the hotels' answer to the successful challenge of the restaurants, because coffee shops can stand higher food-cost percentage than a room offering the public more elaborate service.

#### **Waitresses in the Money**

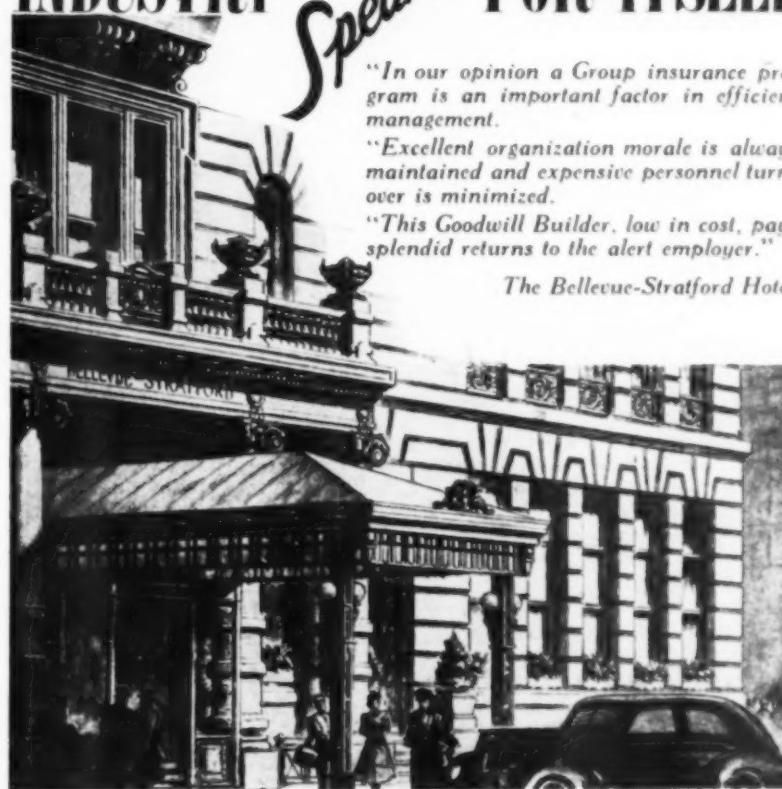
Restaurant wages represent 26.7% of the total income, the highest percentage in any sizable retail line. This makes restaurants peculiarly vulnerable to labor costs, restrictions, and payroll taxes. The industry is exempt from the federal Wage-Hour Law, but this is cold comfort in 27 states where minimum-wage laws have been enacted. The restaurants usually feel the sharp edge of regulation and enforcement, next after the laundries, in a typical state wage set-up, and it really cuts.

Restaurant men claim that no state officer ever credits tips with their actual importance, nor the value of meals for employees at anywhere near their actual cost to the boss. In consequence, when wages are boosted by state law, waitresses of busy spots land in the money; weekly earnings of \$35 to \$50 are reported not unusual for a good waitress in a good city restaurant. Such earnings by the dining-room force necessarily boost wage scales behind the scenes. However, some restaurants are seeking to iron out the disparity by taking all or a heavy portion of tips collected by waitresses after their pay rates are advanced under state law.

#### **More Synthetic Yarn**

SYNTHETIC FIBERS took a step forward last week. American Viscose Corp. announced that it now has in production vinylon yarns of 74% greater tensile strength than those previously available. And E. I. du Pont de Nemours & Co. announced that a new plant for the manufacture of nylon yarn is in the works at Martinsville, Va. Expectation is that, with the plant addition, total production of nylon yarn will climb to around 16,000,000 lb. a year by the end of 1942—or about four or five times as much as was anticipated a couple of years ago.

# INDUSTRY Speaks FOR ITSELF



*"In our opinion a Group insurance program is an important factor in efficient management."*

*"Excellent organization morale is always maintained and expensive personnel turnover is minimized."*

*"This Goodwill Builder, low in cost, pays splendid returns to the alert employer."*

*The Bellevue-Stratford Hotel*

**I**t is hard to think of a business or industry where the individual employee's personal contact with customers plays a more important part than in our great modern hotels. Every member of the staff, from the youngest call boy to the manager, is constantly "on the firing line," meeting customers, making impressions that are directly reflected in customer relations.

It's axiomatic that contented employees, employees free from worry, can do a better job day by day. It's not surprising then that we have great hotels, such as The Bellevue-Stratford in Philadelphia, thoroughly convinced of the value of group insurance in maintaining high employee morale.

Our Protected Pay Envelope Plan provides life insurance payable as monthly income or in one sum. It includes accident and health insurance for employees disabled through non-occupational causes and hospital expense benefits for them and their dependents.

The cost is so modest that with the cooperation of your employees you can give them more security than ever before seemed possible. Send for our booklet today.

**Connecticut General  
Life Insurance Company  
Hartford, Connecticut**



**Life, accident, sickness insurance,  
annuities, and all group lines**

## NATIONAL DEFENSE

# Army Has a Big Job for Textiles

**It means higher payrolls for largest employer among domestic industries. Manufacturers favor competitive bids, and all hope to avoid last war's mistakes.**

ALMOST EVERY DAY NOW, some branch of the military is contracting to buy, or signifying its desire to purchase, large supplies of textile goods.

Last Saturday the nation's largest buyer of textiles, the Army Quartermaster Corps, called for bids on 17,750,000 yards of woolen uniform and shirting fabrics, the largest yardage of such materials ever bought by the Corps in peacetime. The goods are expected to cost more than \$34,000,000 and to require the use of nearly 48,000,000 lb. of grease wool. Last week the Army also showed interest in, or gave awards for, production of 9,000,000 pairs of mercerized cotton socks, 356,244 pairs of breeches laces, 63,100 quarter-sleeve cotton undershirts, 800,000 pairs of canvas leggings, 600,000 comforters, 600,000 service coats, 50,540 mackinaw coats, 500,000 barrack bags (needing more than 1,000,000 yards of denim), 5,325,000 bed sheets, 2,700,000 yards of mosquito netting, and 400,000 cotton mattresses. Other branches also are getting their bids in early.

### New Techniques Elaborated

This adds up to greater employment and bigger payrolls for the largest employer of labor among domestic industries. Buoyant wool prices have risen to approximately the ten-year high of \$1.31 set a year ago, compared with 97¢ less than two months back. Prices were marked up all along the line. Woolen and worsted goods jumped 5¢ a yard and purchasers of palm beach suits will pay \$1.25 (retail) more for them this year. Designs have been altered and new techniques developed. Research is determining the value of substitutes and synthetics.

The old controversy of sealed bids vs. negotiation still is alive. When Sidney Hillman, labor head of the Defense Commission, announced recently that the Army and Navy had ordered negotiated procurement of most garment supplies, he added the hope that textiles also might be brought under the negotiation system. Washington opinion is that this will be done and Army and Navy officials have agreed to make the change "in order to spread the orders and increase potential capacity of the industry."

The textile industry generally is fight-

ing to retain the traditional sealed-bid system. During the recent symposium on textile preparedness for national defense, conducted by the American Association of Textile Technologists in New York City, Arthur Besse, president of the National Association of Woolen Manufacturers and formerly a member of the National Defense Advisory Commission, explained why he favored the bid system in most cases.

"The method of sealed bids is not practicable in purchase of new, complicated equipment which necessitates inclusion of many special component parts, the cost of which cannot be accurately ascertained between the time of the invitation and the opening of bids," Besse explained. "But where a military item closely approximates a regular commercial product," he continued, "there is no valid reason for not continuing the bid system. Army blankets, shoes, underwear, hosiery, kitchen equipment, cots, hats, small arms, ammunition, raincoats,

tents, transport lorries, motorcycles and others are sufficiently similar to like commercial products to enable contractors to figure costs accurately and to estimate also the exact rate at which they can make deliveries."

All concerned want to prevent the mistakes made during the last war. The 100,000,000 yards of melton cloth purchased for the Army then were enough to reach more than twice around the world at the equator. More than 10,000,000 blankets, 300,000,000 yards of duck, 140,000,000 yards of gauze, 22,198,000 shirts and 90,000,000 pairs of stockings were produced for the weavers of khaki, according to Lt. Col. G. E. Spann, Q.M.C.

Before that was accomplished, order had to be pieced out of the chaos of 1917, when the various supply branches, disregarding each other's needs, frantically competed against each other to procure supplies. Large profits and high prices were dangled as bait to enlist industry's cooperation. Mills worked on contracts, not fully understanding just what was wanted. Production choked.

### This Time It's Different

Today, things are different. Procurement planning officers already have visited executives and surveyed the industrial facilities of the nation to determine what item each plant is best qualified to produce in an emergency and willingness of management to take Army orders. The Industrial Mobilization Plan adjusted industrial activities of the Army and Navy to each other, and to general

### Building Wool Reserves—at No Cost

EDWARD R. STETTINIUS, Jr., and his Raw Materials Division of the National Defense Advisory Commission have evolved an ingenious plan to build an emergency reserve supply of 250,000,000 lb. of grease wool, designated as a critical material by the Army and Navy Munitions Board. The wool will be stored in this country. If we use it, we pay for it; if not, it costs us nothing. This plan may establish a precedent to be followed subsequently with other commodities.

Domestic wool growers have been protected throughout. The U.S. hasn't gone out and bought the wool; it has merely arranged for it to be brought here, placed under lock and key, probably in Boston, and used only when the U.S. government gives the say-so.

The wool will be supplied by Great Britain, which early in the war took over ownership of all wool in Australia, world's largest exporter of the commodity. Great Britain will continue to own the wool, but we have the right to use as much of it as we

need on payment of storage and transportation charges. And our government is the sole judge of whether or not we need it.

During the emergency, Great Britain can't take away more than 20% of the wool without replacing it. In other words, when the stock here is depleted to 200,000,000 lb., Australia is expected to ship more wool to build the stock back up to full strength. After the emergency, England will take the wool and pay normal storage and transportation charges.

In contrast to the cost of building stockpiles of rubber, tin, manganese, tungsten, and antimony, our outlay will be only nominal. That the market doesn't see much threat in the plan is shown in the increase in the price of wool after the plan, together with a large Army woolen order, was published.

Great Britain also is considering establishment of similar strategic reserves of other colonial products here, ready for transshipment to points where they might be needed.



THIS booklet is intended to give you a picture of the subject of Group Life Insurance, its benefits to your employees and yourself, and how it operates. Illustrated with a typical plan, it shows how little it costs to help employees secure life insurance protection. If you have more than 50 employees you will find interesting information contained in this booklet. For your copy address the John Hancock Mutual Life Insurance Company, 197 Clarendon Street, Boston, Mass.

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS  
GUY W. COX, President

commercial life. Estimates and requirements have been drawn up with great accuracy and completeness.

The international situation need cause us no fear as to possible failure to import necessary articles. We have been developing substitutes and synthetics which now often are superior to the natural goods.

Navy tests, for instance, show that nylon parachute lines not only are stronger than silk, but also lose less strength when wet. On the other hand, their resistance to impact is lower than that of silk and resistance to ageing is inferior. First thing you know dated parachutes will be here.

Backlogs of the textile industry in general are slightly below those of a year ago, yet most mills are operating on a two-shift basis and some are on three shifts. Commercial buyers are finding it difficult to obtain prompt deliveries on some items and are placing a substantial volume of orders for delivery next year.

## Arms Industry Reborn

### Munitions - plant building by U. S. for operation by private firms is now gaining momentum.

**WASHINGTON (Business Week Bureau)**—To make munitions after 21 years of peace, the United States had to start from scratch. Since 1918 the big arms, chemical, and explosives companies had devoted their capacity entirely to commercial production, had little desire to

### Government-Owned Plants under Contract

Firm	Type	Location	Amount
Atlas Powder	shell-loading plant	Ravenna, O.	\$14,215,000
Hercules Powder <sup>1</sup>	smokeless powder	Radford, Va.	25,000,000
Du Pont <sup>2</sup>	smokeless powder	Charlestown, Ind.	25,000,000
Stone & Webster <sup>3</sup>	TNT	Wilmington, Ill.	10,865,000
Sanderson & Porter	shell-loading	Wilmington, Ill.	14,000,000
Savage Arms	machine gun	Utica, N. Y.	17,600,000
General Motors	machine gun	several locations	20,000,000
Chrysler	tank	Detroit	25,000,000
Carnegie-Illinois	Navy guns	Pittsburgh	2,275,000
Packard <sup>4</sup>	engines, Rolls Royce	Detroit	80,000,000
Consolidated Steel Co.	shipbuilding	Orange, Texas	4,600,000
Seattle-Tacoma Shipbuilding	shipbuilding	Seattle	4,600,000
Manitowoc Shipbuilding	shipbuilding	Manitowoc, Wis.	1,000,000
Electric Boat Co.	shipbuilding	Groton, Conn.	2,750,000

1. To be enlarged under a pending change order.

2. DuPont will operate.

3. Unofficial figure, of which British government is reported to be putting up \$50,000,000; Defense Plant Corp. (RFC) \$30,000,000.

put more capital in fixed assets for only temporary use. Out of this situation has evolved a policy by which the government will build, pay for, and own the plants and equipment now required for manufacture of powder, guns, tanks, shell-loading and bag-loading, but for which private industry will have little or no probable use after the emergency has passed.

These plants will be operated by private concerns acting as agents for the government. Within an area west of the Alleghenies, and mostly east of the Mississippi, geographical distribution of the plants will be rather even. This is in line with a design to make each of five "ordnance" districts a self-sufficient production unit.

Delayed while the Army, Navy, and Defense Commission roughly determined their requirements and made up their minds on processes to be employed, the construction program now is rapidly gaining momentum. Most of the construction will be paid for out of about \$700,000,000 appropriated specifically for ordnance plants. The Chrysler tank plant and shipyards are covered by appropriations for matériel.

### Work Begun, Pending Contracts

Plants for which contracts have been let (see table) now near a total of \$200,000,000. Preliminary work has started, pending award of contracts, on another \$130,000,000 worth. No breakdown is available of the proportionate

## The Bombing of Rochester, N. Y.



Wide World

Army officials loaded photographic equipment into a plane one dark night last week, went aloft, and, at 5,000 feet, took a picture of Rochester, N. Y., that looks as though it had been taken in the daytime. How they did it is a military secret, but their equipment includes a billion-candlepower photographic bomb—which officials



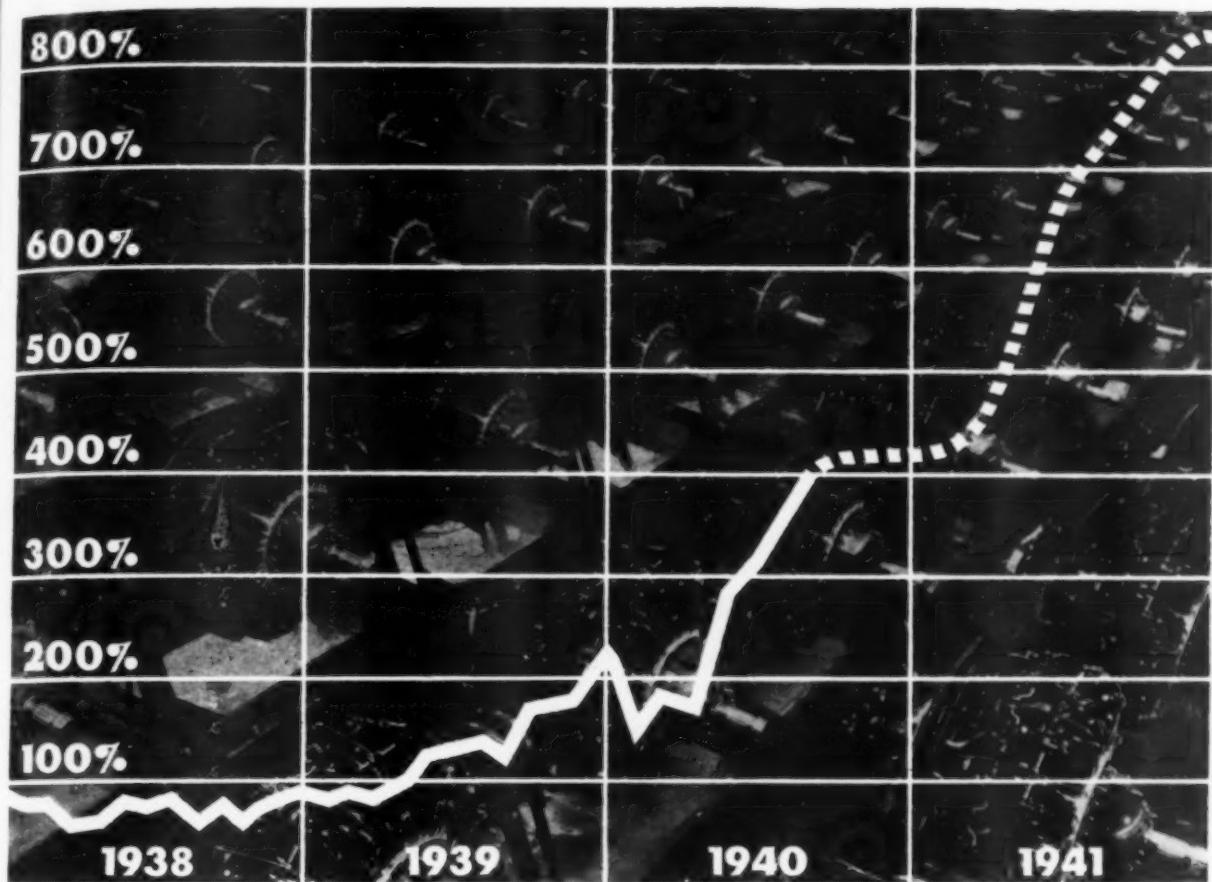
International

say "provides an extra hour of daylight during wartime"—and an aerial camera, synchronized so it takes a picture when a bomb goes off. Each time a bomb bursts, it lights up an area of 5 sq. mi.—sufficient, says the Army, to reveal troop and naval activities which have previously been possible under cover of darkness.

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## *17,000 Engines* FOR THE ARMY AND NAVY

This month finds Pratt & Whitney Aircraft swinging full blast into the biggest job in its history. 17,000 aircraft engines must be delivered to the United States Army and Navy under the National Defense program.

A real challenge . . . but Pratt & Whitney is meeting it. In three swift plant expansions, its production rate, as shown by the chart, has already been quadrupled in the past eighteen months!

Most of this expanded output has been going to Great Britain. So, weeks ago, long before these additional 17,000 engines were actually ordered,

a fourth major expansion was initiated. When this program is completed, Pratt & Whitney's daily production will be more than 8 times the rate for early 1939 . . . an eloquent example of the vigor and resourcefulness of the nation's aircraft industry in meeting the double demand at home and abroad.

**UNITED AIRCRAFT  
CORPORATION  
East Hartford, Connecticut**



\* PRATT & WHITNEY ENGINES \*



\* VOUGHT-SIKORSKY AIRPLANES \*



\* HAMILTON STANDARD PROPELLERS \*

**MAJOR AL WILLIAMS**

*Aviation's famous:*

COLUMNIST  
AUTHOR  
BUSINESS MAN  
SPEED FLYER

**MAJOR WILLIAMS SAYS:**

"THE HIGH PRESSURE OF THIS AGE  
— THAT'S BUNK! THE ONLY ONES WHO  
FEEL THE PRESSURE ARE THOSE WHO  
DON'T USE TODAY'S MACHINERY INTELLIGENTLY. MY SHIPS CARRY ME WHERE I  
WANT TO GO; MY EDIPHONE KEEPS  
PACE WITH WHAT I HAVE TO SAY. MY  
PLANES, WITH AN EDIPHONE ON  
BOARD, SAVE TIME AND EFFORT."

**'60 MINUTES MORE  
EXECUTIVE TIME  
PER DAY with an**

**Ediphone**  
EDISON VOICEWRITER

*Al (Alford J.) Williams, Manager of the Aviation Department, Gulf Oil Corp.—Graduate of Fordham and Georgetown—Naval aviator in World War I (D.F.C.)—Speed record holder 1923-31—Member of N.Y. State Bar—Columnist for 18 Scripps-Howard newspapers. His book, "Airpower" (dictated on his Ediphone) just published is an authoritative story of military aviation and its part in World War II...No wonder Major Williams depends on his Ediphone!*

Surveys show that the average executive increases his capacity an hour a day with an Ediphone. Talk your work away, too; record ideas, notes and dictation immediately...to either the new 8½" x 11" Desk Ediphone (like Major Williams', above) or the new streamlined floor model.

Write Dept. 810, Thomas A. Edison, Inc., West Orange, N.J. or Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.

cost of buildings and equipment, but machinery represents by far the greater factor.

Plants provided for but not under contract include several for which locations have not been revealed (lest the land price be skyrocketed): three for du Pont and one each for Hercules Powder, Western Cartridge, Remington Arms, Atlas Powder, Humble Oil Co., Allied Chemical & Dye. A bag-loading plant for du Pont, designated for Charlestown, Ind., is also in the contract-not-signed stage. So, too, is a shell-loading plant for Union Center, La Porte County, Ind., which will cost approximately \$14,000,000 (builder and agent company not yet identified). Gadsden, Ala. is to get a shell forging and machining plant, to be operated by Lansdowne Steel & Iron Co.

## Planes behind Quota

Rapid expansion hampering production. War Department asks industry to go on 24-hour basis.

**WASHINGTON (Business Week Bureau)**—Rapid expansion of aircraft plant is interfering with production more than had been expected. As a result, output in October will be about 200 units below schedule—will approximate 900-950 military and civil craft, exclusive of cubs. This rate is about the same as that of August. It is still hoped, however, that production can reach 1,250 units a month by the year-end and 1,500 by July 1. Thereafter the schedule calls for a steady rise to 3,000 in the spring of 1942.

Engine production is going better. In September about 1,500 combat engines (1,000-hp. or better) were turned out plus about 900 smaller engines for trainers and civil craft.

All aircraft and accessory plants, the Army Air Corps reports, are now working three shifts. War Secretary Stimson's recent order that three-shift operations be instituted, though it got a big play in the headlines, was a mere formality to permit use of the \$120,000,000 appropriated to pay overtime and other costs of 24-hour operation.

Ninety per cent of Army plane contracts contain "acceleration clauses" which provide that the concerns will operate at full capacity with the government paying extra costs.

## What the Army Is Ordering

Biggest chunk of backlog that the manufacturers are nibbling at is the 19,000-plane program which the Army finished ordering this month out of 1941 fiscal appropriations. The War Department is keeping strictly mum about details on planes ordered, but here is an unofficial and approximate tabulation:

9,650 combat planes, comprising 850 heavy 4-engine bombers—500 Boeing, 350 Consolidated; 2,550 medium 2-engine

Business  
bombers—  
400 2-eng.  
600 2-eng.  
single-eng.  
1,800 No.  
700 Bell.  
170 Beech.  
5,700 a.  
3,000 No.  
500 b.  
2,950 Fairchild.

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bombers—1,150 Martin, 1,400 Douglas; 400 2-engine attack fighters—Douglas; 600 2-engine pursuit—Lockheed; 5,250 single-engine pursuit—1,750 Curtiss, 1,800 North American, 1,000 Republic, 700 Bell.

170 transport ships—50 Curtiss, 20 Beech, 100 Douglas.

5,700 advanced trainers—2,000 Curtiss, 3,000 North American, 700 Beech.

500 basic trainers—Vultee.

2,950 primary trainers—800 Ryan, 800 Fairchild, 1,360 Stearman.

## Alcoa Seeks Power

**Defense expansion leads to new units at Bonneville and a project on Little Tennessee River.**

**WASHINGTON (Business Week Bureau)**—Zooming production of aluminum has caused the first—and to date only—major concentrated demand for electric power in the expanding national defense program. Rapid developments indicate that Aluminum Company of America, probably already the greatest single power user, by mid-1942 will be using at least one million horsepower of generating capacity for its combined normal and defense operations.

Provisions made only last June to expand TVA to provide additional power for expected increased need for aluminum already have proved far short of meeting demands now anticipated for the metal. As a result:

The Defense Commission announced that Aluminum Co. is planning three additional units for its plant at Bonneville, in the Pacific Northwest, which was opened only last month, to use 100,000 kw. of power from the Bonneville-Grand Coulee pool.

Nantahala Power & Light Co., subsidiary of Aluminum Co., filed with the Federal Power Commission a declaration of intent to construct a 300,000-hp. hydroelectric project on the Little Tennessee River near Fontana, Tenn.

### Additions Keep Pace with Power

These projects are in addition to the contract announced two weeks ago by which TVA will supply Reynolds Metals Co., soon to enter the aluminum production field, with 20,000 kw. of firm and 40,000 kw. of secondary power, and to the allocation of 65,000 kw. of the Authority's new defense power to Aluminum Co.

The new Bonneville power contract has not been signed, but negotiations are proceeding rapidly. Plant additions can be built almost as quickly as the needed power is available.

FPC either must rule that the Fontana dam needs no federal license or grant such a permit before the Nantahala project can be started. It is expected the commission will decide rather promptly



**T**HESSE are truly the days when service is reflected by the foresight and progressiveness of the past—when the keeping of one's house in order during depression periods now pays dividends to customer, dealer and distributor.

The piling-up of unfilled orders, the mad scramble for raw materials and machinery, the breakdown of production facilities, the broken promises on deliveries—all these are the result of lack of confidence and stability, and of delay in the preparation of proper service perspective during slow periods.

For almost a century—since 1845—R B & W has pursued an inflexible policy of keeping its house in order. During many depressions, many booms—and many wars—R B & W has constantly built a background of plant facilities, production methods, raw material sources, and sound sales-engineering service—in bad times as well as good.

Today, therefore, R B & W can offer a true service perspective and is in an enviable position to help those needing stable facilities for bolts, nuts and other threaded industrial fastenings.



**RUSSELL, BURDSALL & WARD**  
BOLT AND NUT COMPANY

PORt CHESTER, N.Y. ROCK FALLS, ILL. CORAOPOLIS, PA.

that the project requires no license. Objections from TVA that it might want to develop the Little Tennessee for its own system blocked the Fontana project several years ago.

But TVA recently got additional funds from Congress for expansion in the name of national defense and has no immediate prospect of being able to take on the Fontana project, too, while Nantahala Power & Light has both the money and the defense argument weighing in favor of a green light from the Power Commission now.

### New Power for Defense

ADDITIONAL electric generating facilities definitely scheduled for installation by public and private utilities and the federal government in the next five years total 7,000,000 kw. This is revealed by a tabulation prepared from company announcements and congressional appropriations, showing the power resources available to the National Defense Advisory Commission.

The tabulation shows that 1,460,600 kw. of the total installations on schedule is at federal projects, about 500,000 kw. at municipal plants, and 350,000 kw. at district projects. The rest is private utility installation. The grand total represents an increase amounting to one-sixth of the 40-million-kw. generating capacity in the country at the start of 1940.

## MARKETING

ADVERTISING · MERCHANDISING · SELLING

### TNEC Enters Fair-Trade Fight

**Isador Lubin's work on "Price Behavior and Public Policy" offers evidence that, in case of drugs, maintenance laws tend to make general price level inflexible.**

LAST WEEK, the Temporary National Economic Committee announced the forthcoming publication of the first of a series of monographs which it will present to the public. Entitled "Price Behavior and Public Policy," this first treatise was prepared by scholarly little Isador Lubin, Commissioner of Labor Statistics, and given a big sendoff by Senator Joseph C. O'Mahoney. TNEC chairman, who labeled the study "the most thorough-going analysis of consumer prices yet made."

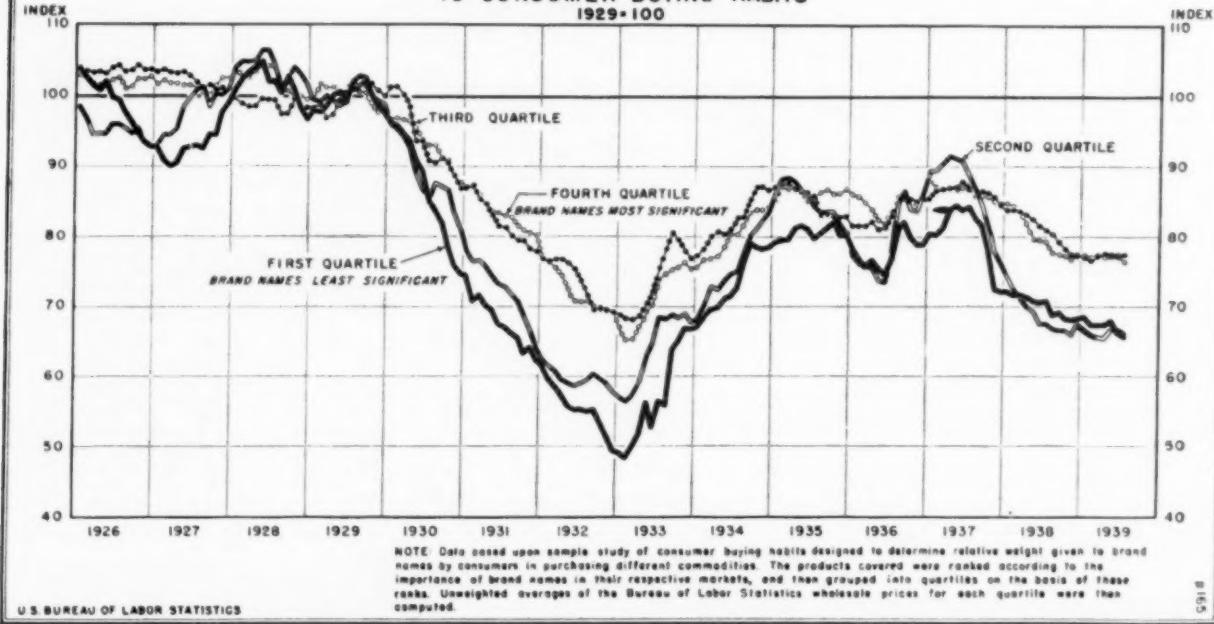
TNEC, however, knows its publicity onions. It knows that the hottest subject in the field of retail prices is the question of what influence has been exerted on prices by the fair-trade laws permitting the establishment of minimum

resale prices in 44 states. Hence, in the release announcing its new study, TNEC permitted itself a little non-objective prophecy; it suggested that the third section of the report—a study of the operation of the fair-trade laws in the drug field—would be likely to promote a good deal of spirited discussion and debate.

TNEC probably didn't overstate the case, for until the Federal Trade Commission publishes its long-delayed study of the subject (BW—April 30, p. 1), TNEC's statement of the case will stand as the one and only evaluation which has behind it the authority and presumed impartiality of a government agency. Actually, anyone familiar with Mr. Lubin's attitude toward the fair-trade

### How Branded Products Resist Price Reductions

WHOLESALE PRICES OF SELECTED FOODS  
PRODUCTS CLASSIFIED INTO FOUR QUARTILES ACCORDING  
TO CONSUMER BUYING HABITS  
1929 = 100



The continuous lines in this chart represent unbranded or little-known products; the dotted lines are advertised

ones. The advertised products show marked firmness when the price level declines, as in 1932 and after 1937.

*Today You Need*

**SPEED**

## IN YOUR SHOP EQUIPMENT

NOW, more than ever, you need shop machinery that will produce more in less time. High spindle speeds are essential for the efficient use of modern sintered carbide and diamond cutting tools. Smooth, vibration-free operation at high speed is achieved in South Bend Lathes by using a direct belt drive to the spindle, a precision balanced spindle assembly and spindle bearing surfaces that are hardened, ground and superfinished to a smoothness of five microinches (.000005").

At right—10" Swing, 1" Collet Capacity South Bend Tool Room Precision Bench Lathe. This lathe has nine spindle speeds ranging from 50 to 1357 R. P. M., 1½" hole through spindle, 1" maximum collet capacity, 48 power longitudinal carriage feeds, 48 power cross feeds, and cuts 48 different pitches of screw threads.

### SIZES OF SOUTH BEND LATHES

Swing	Bed Lengths	Center Distances
9"	3' to 4½'	16" to 34"
10"	3' to 4½'	15¾" to 33¾"
13"	4' to 7'	16" to 52"
14½"	5' to 10'	24½" to 84½"
16"	6' to 12'	33½" to 105½"

### PARTIAL LIST OF DEALERS

See a South Bend Lathe before you buy. Write today for free catalog and name of nearest dealer.

Baltimore, Carey Mch. & Supply  
 Boston, South Bend Lathe Works\*  
 Bridgeport, Conn., A. C. Bisgood  
 Buffalo, R. C. Neal Company, Inc.  
 Chicago, South Bend Lathe Works†  
 Cleveland, Reynolds Mach. Co.  
 Dayton, C. H. Gosiger Mach. Co.  
 Detroit, Lee Machinery Company  
 Los Angeles, Eccles & Davies  
 Milwaukee, W. A. Voell Mach. Co.  
 Newark, J. R. Edwards Mach. Co.

New York, A. C. Colby Mach. Co.  
 Philadelphia, W. B. Rapp, Mach.  
 Pittsburgh, Tranter Mfg. Co.  
 Portland, Ore., Portland Mach. Co.  
 Providence, Geo. Reynolds & Son  
 Rochester, N.Y., Ogden R. Adams  
 St. Paul, Robinson, Cary & Sands  
 San Francisco, Moore Mach. Co.  
 Seattle, Star Machinery Company  
 Syracuse, N.Y., H. A. Smith, Mach.  
 York, Pa., York Mach. & Supply

\*Boston Sales Office: 67 Broadway, Kendall Sq., Cambridge, Mass. Tel. Trowbridge 6-989

†Chicago Sales Office: Room 306, Machinery Sales Building, Telephone State 7288



**SOUTH BEND LATHE WORKS** Lathe Builders Since 1906

737 E. Madison Street, South Bend, Indiana, U. S. A.



laws, as manifested throughout TNEC's exhaustive hearings, might have forecast what would be shown by any set of facts and figures that he marshaled—just as one might have forecast the conclusions on fair trade's effects reached by various drug associations (*BW*—*Jul 20*'40, p 12).

Mr. Lubin's facts and figures aren't kind to the fair-trade laws. They proound no new arguments but they buttress substantially the criticism which has been made of this system of resale price fixing by consumer groups. They show that fair trade introduces an element of inflexibility into the drug prices, supporting the contention that fair trade advances the general price level.

### **Prices of Different Retailers Vary**

A large part of the data is presented in the form of tables showing the prices charged for widely-used drugs and toiletries by groups of sample stores over a period of years. The data indicate that, in the absence of price maintenance, there is a wide variation between the prices charged by different retailers for any one article. The report suggests that price-cutting by some retailers may cause progressive downward revision of the prices of manufacturers and higher-price retailers.

Where minimum resale prices have been legally established, the prices charged by different retailers fall into a much narrower range. For example, the data present the case of a nationally-advertised dentifrice for which a minimum price of 33¢ is maintained under the fair-trade laws. Out of 28 sample stores, 25 sold at that minimum; the other three stores sold the product, respectively, at 34¢, 35¢, and 36¢. Hence the price range on the product in 28 stores was only four cents.

On the other hand, a nationally-advertised laxative on which prices are not maintained by the manufacturer is given as an example. This product was sold at eleven different prices in 51 sample stores, with prices ranging all the way from a low of 29¢ to a high of 50¢.

### **Hits One Readjustment Process**

The report makes clear that its data do not "imply that the establishment of minimum resale prices necessarily eliminates all the influences making for periodic downward readjustment of the wholesale price structure, but merely that this impairs one of the processes leading to such readjustment." The implication is that, under fair trade, lower prices must come from competition among manufacturers, without the help of price competition among retailers.

The study also includes a comparison of the prices charged by independent and chain drug stores, and a comparison of the prices of nationally advertised brands and substitute brands. The data tend to show that a larger proportion of independents than of chains charge prices

### **Bonwit Boss Resigns**



Wide World

When Mrs. Hortense M. Odlum, president of Bonwit Teller, New York specialty store, announced her resignation to some 1,500 surprised employees last week, it was something of a milestone in modern retailing history. How Mrs. Odlum—whose previous contact with business had been limited to keeping tab on a personal checking account—took over as president of Bonwit's in 1934, when the bankrupt store was acquired by her former husband's (Floyd B. Odlum) Atlas Corp., and how she increased sales from \$3,500,000 to \$10,000,000 annually is now legend.

Main secret of Mrs. Odlum's phenomenal success evidently has been an ability to look the word "consumer" in the eye without flinching. One of her first acts as president was the creation of a consumers' advisory committee, made up of a cross section of the store's clientele. And by instituting such practices as that of writing thank-you notes to new cash customers, Mrs. Odlum proved that a specialty store could have a heart.

Bonwit's new president will be named at the next board meeting. Until then, store officials are keeping mum. But the publicity department is already preparing photos of William M. Holmes, vice-president and general manager, who came in with Mrs. Odlum six years ago.

above the established minimums on national brands. The comparison of national brands and substitute brands is right down the alley of the "guinea pig" devotees, with such items as this: "For 11 standard drug products the aggregate cost per ounce totaled \$28.95 under the proprietary designations and only \$4.59 when sold under their standard chemical names."

Less likely to arouse controversy are the first two parts of the report. Part I

is concerned broadly with the effects upon the economy of different business price policies. Especially noted is the problem of "price flexibility" (see the chart on page 36), which arises from the tendency of unbranded products to fluctuate far more freely and frequently than heavily advertised items. The conclusion drawn is that prompter readjustments of prices during the initial phases of a business decline might retard the downturn.

The first part of the report also discusses the efforts of business men to direct competitive effort into channels other than price. Increased attention paid to quality and performance has served to stimulate technical research, but the report indicates that emphasis upon quality has often diverted effort from programs designed to produce cheap but satisfactory merchandise for low income groups.

Part II of the report is a description of geographic price structures for a wide variety of industrial, agricultural, and extractive commodities. It gives the basis for a general appraisal of the relationship of basing point systems, zone systems and other schemes of freight equalization, to the pattern of competition within various industries.

### **Time Sales vs. Draft**

#### **Repossession banned only when contract with conscript was executed prior to new act.**

PASSAGE LAST WEEK of the Overton-May civil liabilities bill clarifies the effects of conscription upon instalment credit sales. The Overton-May bill replaces the stop-gap amendments, granting civil relief to soldiers, sailors, guardsmen, and conscripts, which were hurriedly tacked on both the National Guard and Conscription bills.

Under the amplified law, business is provided mean of protecting instalment sales against abuses of the moratorium on legal suits for collecting debts from soldiers. The bill precludes repossession without mutual agreement after the purchaser has entered military service *only* when the contracts were executed prior to the effective date of the act. Silence upon future contracts makes it possible to write into them any stipulation regarding repossession that is mutually agreeable to seller and purchaser.

#### **Payment Proviso Introduced**

Further, the amended law carries a special section applicable to automobiles, tractors, and their accessories. Under this section, the prohibition of suit for repossession under a contract made prior to the act does not apply to cars, tractors, or accessories on which less than 50% of the purchase price has been paid when the instalment is defaulted.

A month ago there was some panicky

thinking about the credit significance of conscription, but as executives have had a chance to study the facts it has become increasingly clear that only a very small proportion of all instalment sales will be touched. As one indication, J. Anton Hagios, manager of the Credit Management Division of the National Retail Dry Goods Association, now estimates that less than 1% of all instalment contracts in the department store field will be affected.

#### Affects Automobiles Particularly

Beyond any question, automobiles will be affected more than any other classification. Yet even in automobiles the proportion of draftee contracts will not be high. Milan V. Ayres, secretary and analyst of the National Association of Sales Finance Companies, estimates that about one man in four of the entire male population over 21 years of age is paying for an automobile on the instalment plan. Hence the proposed increase of 1,400,000 men in the nation's military forces will affect a maximum of 350,000 auto time contracts. This figure includes both new and used cars, and would amount to only 3.5% of all sales in a year in which ten million cars changed hands. What's more, Mr. Ayres says, the estimate of one contract to every four men may be too high—particularly for the young, unmarried men who will first feel the incidence of the draft.

In one field, men's clothing, conscription has actually been used to spur sales—instalment or otherwise. The Hub, in Chicago, recently advertised that men who bought goods before Nov. 15, and were drafted before Jan. 31, could return the merchandise for a full credit return. The Famous Bar, St. Louis department store, adopted the promotion, and similar schemes were tried more or less briefly by stores in a number of large cities. It doesn't seem, however, that the plan is going to spread as retail association leaders had feared it might.

Thus far, the automobile finance companies have not let out what their policies will be on contracts with men liable to conscription.

#### Gas Appliances Gain

**Sales of ranges, water heaters, and furnaces (up 47.6%) running ahead of last year.**

WHEN PAN-AMERICAN'S Dixie Clipper left La Guardia Field for Bermuda a week ago yesterday, 38 of its 48 passengers were the winning salesmen in the American Gas Association's refrigerator contest. Their send-off climaxed the annual meeting of utility heads and gas appliance manufacturers—held this year in Atlantic City. It also summed up a successful year for the gas appliance industry generally. Like other manufacturers of



Judge the size of our trees by the picker in the top of this one.

These FRANCISCAN PEARS are altogether different from the pears you ordinarily buy in stores. Even the trees are different. Look at this giant!

## Don't send the Same Old Gift...SEND SOMETHING DIFFERENT THIS YEAR!

Are you puzzled over what to send to your customers, friends and employees for Christmas? ...Would you like something to send that's fresh, and original, and different?

#### OUR PEARS ARE APPROPRIATE

Here's a suggestion that meets all requirements perfectly, a gift that will prove a delightful surprise to every person who receives it, one that steers a happy course between gifts that are too costly and gifts that seem too trivial, something stripped of commercial flavor but full of the spirit of Christmas and the flavor of genuine Holiday cheer.

#### SEND A HOLIDAY BOX OF LUSCIOUS FRANCISCAN PEARS

They're true gift pears, great big luscious sugar-sweet fruit. And what gorgeous fruit we've been packing this year. Take a look at those trees. They're more than fifty years old and what a crop they do bear. But here's the rub, only a small part of the crop reaches a size and perfection to meet the requirements of our Christmas boxes. That's why only a limited number of people can enjoy the gift pack.

#### YOU CAN THANK THE WAR

As a matter of fact, Franciscan Pears in any size are new to the domestic market. Until last year practically the entire crop went to connoisseurs of the European

market. But the war put an end to that, so we can now offer them to the folks here at home.

You'd hardly believe the way we care for these pears. Each one is lifted by hand from the tree, carefully washed, wrapped, and hand-packed with the utmost care to prevent the least pressure or bruising. They are gently placed in substantial Holiday-decorated cases, and shipped in such a fashion as to arrive in perfect condition.

#### COMPLIMENTARY SAMPLE

If you or your firm send gifts at Christmas time, we'd like to send you a sample of Franciscan Pears with our compliments. Just send a note on your business letterhead. We'll appreciate it, too, if you tell us about how many business gifts you contemplate sending.

Of course if you'd like to see a whole box, just as we pack them for Christmas, send \$2.45 and we'll ship a gift box to you express prepaid. (Special discount on quantity orders.) You'll enjoy them a lot, we promise you that. And you'll see something new and different in the way of a Christmas package. But, if you don't order a box, please send the note telling us whether you do send business gifts, because we really want to send you the complimentary sample.

#### SWEET BRIER ORCHARDS

"In the Valley of Heart's Delight"

1621 University Dr., San Jose, California

Reference: American Trust Co., San Jose and San Francisco



**Acousti-Celotex\* Ceilings Quickly Cut the Hidden Costs of NOISE—Reduce Errors, Mistakes, Absences and Overtime!**

THE clatter and clamor of busy office machines, typewriters, telephones—the din of buzzers and echoing voices—cause distractions and disturbances that exact high toll from workers' efficiency.

**AN EXPENSIVE NUISANCE.** The hidden costs of NOISE have actually been measured. Checks made before and after the installation of Acousti-Celotex\* ceilings, prove that NOISE is the cause of mistakes, errors, overtime and absences—*adding as much as 10% to office overhead!*

**QUICKLY CURED.** To smother costly NOISE, hundreds of office managers are turning to Acousti-Celotex. Its effectiveness is proved. It can be quickly installed right over exist-

ing ceilings without interrupting office routine. It can be painted repeatedly without impairing its efficiency. Its effects are permanent.

**GET FACTS NOW.** Why not do something about NOISE in your office during NATIONAL NOISE-ABATEMENT WEEK, or before? Simply write us a note on your letterhead. We'll make a FREE NOISE SURVEY and tell you the low cost of permanent office-noise abatement.

*The Celotex Acoustical Distributor in your city is assisting in an effort to make your community a quieter, more comfortable place to live. He is now displaying "reminder" material to aid National Noise-Abatement Week. Are you cooperating?*

PAINTABLE  
**ACOUSTI-CELOTEX**  
PERMANENT  
TRADE MARK REGISTERED  
U.S. PATENT OFFICE

Sales Distributors Throughout the World  
In Canada: Dominion Sound Equipments, Ltd.

**STOP that NOISE**  
NOISE ABATEMENT WEEK OCT 21-26

\*The word Acousti-Celotex is a brand name identifying a patented, perforated Acoustical fibre tile marketed by The Celotex Corporation.

\* WE FAVOR ADEQUATE PREPAREDNESS FOR NATIONAL DEFENSE \*  
THE CELOTEX CORPORATION • 919 NORTH MICHIGAN AVE. • CHICAGO, ILLINOIS

heavy appliances, gas men are chalking up new sales records.

In spite of booming sales of competitive electric appliances—most notably refrigerators, which have gone to town in the wake of the price war which started last winter (*BW—Aug 10 '40, p. 12*)—the major gas-appliance lines are doing better than all right. Sales of gas ranges were up 17% for the first eight months of this year over the same period in '39, though the ratio of gas to electric-range sales has slipped a little from the 3.98-to-1 ratio which held at this time last year (*BW—Oct 21 '39, p. 28*). Sales of gas water heaters showed an eight-months increase of 13.4%. The real bonanza is gas-fired furnaces. Sales of companies reporting to the Association of Gas Appliance and Equipment Manufacturers jumped 47.6% in the eight-month period; the number of furnace manufacturers has increased from 40 to around 150 in the past three years. Figures aren't available on gas-refrigerator sales, but the assumption is that they haven't been helped by the smashing record of electric boxes.

#### Plan Water-Heater Promotion

For two years now, the gas industry's biggest promotion piece has been the Certified Performance Range. Now it's pretty certain that the CP label—drawn up by manufacturers under the association's aegis—will be extended to water heaters and warm air furnaces. Around 15 or 20 water-heater manufacturers and 11 furnace companies are getting together on specifications. Plans for the water heaters are the more definite—there's already talk of raising \$100,000 for promotion via A.G.A.E.M. when the label goes through. This would compare favorably with the \$115,000 which range manufacturers will put into joint CP promotion next year.

Right now the A.G.A. is running on the last \$450,000 of a three-year advertising fund. Gas companies have been paying four cents a meter annually for association promotion. Indications are that the assessment will be raised shortly to six cents, giving A.G.A. a round \$700,000 yearly for cooperative advertising.

#### Industry Is Defense-Conscious

Center of attention at last week's get-together—as at every trade convention in the past six months—was national defense. Uncomfortably aware that gasworks are prime targets for aerial warfare, American utilities have been paying close attention to defense systems of English and German companies. Executives were particularly interested in accounts of elaborate inter- and intra-company trunk line networks which have been used in Germany for the past five years. The gas industry announced that it is prepared to do its part by helping supply defense needs for toluol which goes into TNT.

## Geographic Soap

**It's zoned to fit the water of region in which you live, and comes in 17 varieties.**

PROBABLY FOR THE REASON that keeping clean is a pretty personal business—even if it might seem fairly standardized at first glance—most soap manufacturers have gone in for high specialized advertising. Different soaps are promoted as effective in combating such particular evils as "Tattle-Tale Gray," "B.O.," and "Washday Blues."

Now a new manufacturer—the Zoned Soap Co. of Ft. Wayne, Ind., is going after the market on a regional basis. Special hard-water soaps are nothing new, but Zoned Soap has gone whole hog and split the U. S. up into zones, according to degrees of water hardness, and put a special soap on the market for each one. There are 17 different soaps, with the zones running from zero (water so soft the soap is practically superfluous) to 50 degrees in hardness.

Water analysis came from the United States Geological Survey and state health boards. Zoned soap illustrates the difference in water conditions by pointing out that using Zone 26 soap in Zone 0 water would be just like putting anti-freeze in the car radiator before taking a drive when the thermometer is standing at 90 degrees in the shade. Zoned Soap has most U. S. metropolitan areas zoned, and all that's necessary to get the proper soap is to send in your address. But the farmer's wife can get her correct soap by pumping up a two-ounce sample from the well and giving it to the nearest Zoned Soap dealer. The company's salesman picks it up and takes it back to the factory for analysis. The water is typed according to zone, and dealer and customer are supplied with the proper soap.

### Company Expands Distribution

Zoned Soap is finely powdered and comes in a 24-ounce package. Minimum resale price for this under the state fair-trade laws is 25¢. The company promotes it chiefly for laundering and dish washing, but gives the proper proportions for the bath—and guarantees that it will do away with that ring around the tub. Zoned Soap Co. has been organized for two months (although officials claim ten years of research behind its products), and distribution is just beginning to spread out from Indiana.

So far the company claims to have sold 95% of the retail grocers in and around Fort Wayne as well as a good many hospitals and other institutions, which are supplied in bulk. The company is branching out and now has a dairy cleaner, machine dish cleaner, industrial laundry breaker, grease solvent, paint cleaner, and mechanics' hand soap—all zoned—ready for national distribution.

## ★ ★ | "Here I sit— holding up the defense program!"



**"Orders, letters, memorandums, filing and what not—stacked on my desk. And I sit waiting for him to finish dictating. No wonder things move slow."**

★ ★

**A**ND it's easy to see where the trouble starts. Old-fashioned, time-wasting two person dictation is the real culprit.

For while she sits waiting for the boss's next word, other work waits, too. Someone is looking for those orders and letters. All down the line there's needless delay, and bottlenecks grow.

Dictaphone can prevent all this. It helps executive and secretary both

work together more effectively. With this modern dictating machine you get things done when they ought to be done. Without delay... and without rushing.

Find out now what the Dictaphone Method can do for you. Arrange to see the new Dictaphone movie, "What's an Office, Anyway?" Or try a Dictaphone for yourself—at no cost or obligation. Just fill in the coupon... mail it today!



## DICTAPHONE

DICTAPHONE CORPORATION, 420 Lexington Ave., N. Y. C.  
In Canada—Dictaphone Corporation Ltd., 86 Richmond Street,  
West, Toronto  
BW-10

- Please have your local representative arrange a showing for me of the Dictaphone movie "What's an Office, Anyway?"
- Please send me your Progress Portfolio describing the new Dictaphone Cameo Dictating and Transcribing Machines.

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

## LABOR & MANAGEMENT

INDUSTRIAL RELATIONS · PERSONNEL · EXECUTIVE POLICY

### Madden Gets a Job

**It's only temporary, but the betting in Washington is that Millis will get NLRB post.**

THE TWO PRINCIPAL candidates for the vacant post of National Labor Relations Board chairman got other jobs last week but were not to be considered unavailable for appointment if President Roosevelt ever got around to nominating a new NLRB head (*BW—Sep 21 '40, p. 37*).

J. Warren Madden, former chairman and recent lightning rod in the employer-A.F.L. storm against NLRB policies, was named by Labor Secretary Perkins to direct a study of Canadian labor problems arising in connection with defense production. The Department of Labor expresses the belief that an examination of Canada's experience under war-time conditions will be valuable in guiding U. S. industry. But in announcing Madden's new job (expected to last about a month), Secretary Perkins left the riddle of his possible reappointment to the board as dark as before, was careful to emphasize that the Canadian assignment was temporary.

However, a majority of Washington dopesters were ready to bet that Madden would never return to the NLRB. They figured that he was too hot a potato to be in the middle of the controversial Wagner Act fight and that the President would find a respectable berth for him elsewhere—probably as a judge in the Court of Claims. Smart money seemed to be on Professor-Emeritus Harry A. Millis of the University of Chicago.

### Takes On Auto Arbitration Task

The Millis stock went up as he took on a new job—arbitrator between the C.I.O. United Automobile Workers Union and the General Motors Corp. He had been assured of A.F.L. support for the NLRB appointment, he could count on the tacit approval of an important section of the business community, and when the C.I.O. agreed to have him as impartial umpire between one of their most important affiliates and their largest corporation under contract, it was impossible to see how it could raise objections to his designation as NLRB head.

While a new appointment hung fire, the two-man, divided Board went on with its work as best it could. For the most part it was postponing important decisions until a new member would appear and side with either Leiserson or Smith to dispose of accumulating cases. It prepared to see its work further circumscribed as Roosevelt signed the defi-

cency appropriation bill which carried a mandate to abolish the Technical Service Division under the able but politically suspect David Saposs.

The most recent record of NLRB showed it was still one of the government's busiest agencies. As of September 1 it had handled 29,806 cases involving 6,417,545 workers and had 3,082 cases pending. Its court record as of Oct. 8 showed that in the Supreme Court it had been upheld, substantially or in full, in 24 out of 26 cases.

### Reversal in California

**Decision virtually banning closed shop is set aside in vital ruling by state Supreme Court.**

CALIFORNIA'S SUPREME COURT set aside on Monday a District Court of Appeals decision which had in effect banned closed-shop agreements. In the same

ruling, the state's highest court affirmed labor's right to picket as a means of enforcing union demands.

The decision was a complete reversal of the lower court's decision, which had been appealed by four A.F.L. unions and one C.I.O. union. A year ago last April (*BW—Apr 15 '39, p. 24*), the San Francisco District Court, at the behest of 32 non-union employees of the Howard Automobile Co., had enjoined A.F.L.'s Retail Automobile Salesmen's Union from picketing the Howard Co. to force unionization. The year-and-a-half-old decision went beyond the Howard case, for the District Court used the opportunity to give judicial sanction to California's rigorous labor code.

The lower court decided: (1) That picketing is lawful only where an authentic labor dispute exists between an employer and his employees; (2) that the individual workman shall have full freedom of association and self-organization, not subject to the control of the majority; (3) that any individual workman may join with one or more fellow employees to form an organization, on the basis of crafts represented in the employment, or on the basis of race, color, or religion, or upon no basis whatever other than that of their workers' own

### Hancock on Hancock



FLANKED BY two organizers for the United Office and Professional Workers Union, Allan Haywood, director of organization for the C.I.O., last week signed the first contract between a labor organization and a major insurance company—the John Hancock Life. Signed in New York, the agreement will cover more than 1,000 industrial insurance agents in the firm's 25 offices throughout the

metropolitan area. The C.I.O. has also been organizing the company's employees in Boston and Hoboken, N. J. In Boston they have a State Labor Board election victory (324 to 235) and in Hoboken they won the first NLRB poll ever held for insurance agents (21 to 15). C.I.O. has already set its cap for Metropolitan and Prudential, where organizing campaigns are already under way.

Business

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**No Overtime Pay for These**

AS THE FAIR Labor Standards Act makes time-and-a-half wages mandatory for all hours worked beyond 40 per week (effective at 12:01 A.M. October 24), the Wage and Hour Division has redefined "executive, administrative, and professional" employees as well as "outside salesmen," to clarify exemptions in these debated categories.

The jobs in these four classifications which will not entitle their holder to overtime pay are defined as:

**Administrative**—Important functional but not supervisory duties, the pay for which is not less than \$200 per month;

**Executive**—Primarily managerial duties, the wages for which are not less than \$30 per week. An executive may not spend more than 20% of his time in doing work done by his subordinates.

**Professional**—Learned or skilled, specialized, unstandardized, intellectual duties, the salary for which is not less than \$200 per month. (Licensed doctors and lawyers get no overtime regardless of salary but graduate architects, engineers, technicians, licensed chemists and kindred professionals are outside the law only if they hit the \$200 figure.)

**Outside salesmen**—Driver-salesmen, publication space and radio time salesmen and freight solicitors.

The new definitions are expected to exempt about 200,000 more employees in addition to those now beyond the law's coverage. Of these, an estimated half are administrative; the rest are outside salesmen and professionals.

choosing: (4) that any individual workman or group of workmen has the right to bargain with the employer, free from interference.

The state Supreme Court swept these dicta into the ashcan when it held that "advantages secured through collective bargaining redound to the benefit of all employees, whether they are union members or not" and added that "a closed-shop policy is of vital importance in maintaining not only the bargaining power but also the membership of trade unions." It was stated that "labor's right to tell the public facts concerning employment in any particular business is essential to its welfare and entirely consistent with democratic principles."

The difference between the two decisions reflects the difference in point of view between California open-shop associations and the labor movement. Eventually, the United States Supreme Court will be asked to decide the issue.

*from the pages of America's Industrial History*

**THE SPIRAL GEAR DRIVE**

The Spiral Gear Drive for Planers, the secret of the smooth, relentless flow of power in Sellers Planers, was invented by William Sellers in 1862.

Sellers Spiral Gear is an involute gear—the table rack is an involute rack—and the action between them is equivalent to the action of an infinite number of spur gears and racks. That is the reason why it is the smoothest of all planer drives and it never wears out but always wears in.

The Sellers Power Flow Planer ... several different sizes being erected in the Sellers shop at Philadelphia.

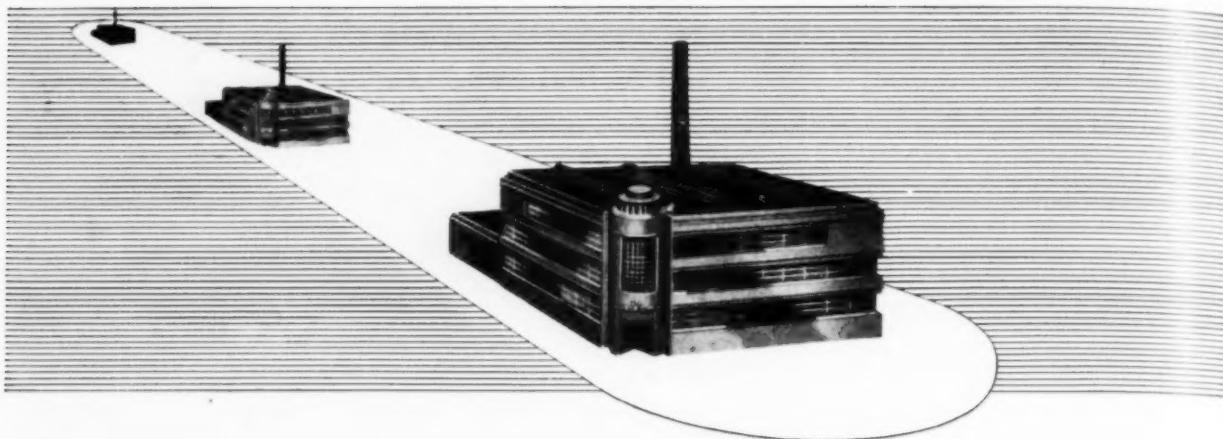
THE duplication of precision is the significant contribution of the modern Sellers organization to the tradition of fine workmanship handed down through generations of Sellers engineers and workmen. For ninety-two years Sellers machine tools have been contributing to the world's progress. Today they are trying to prevent that progress from being halted.

**WILLIAM SELLERS & CO., INCORPORATED  
PHILADELPHIA**



# Sellers

PLANERS • HORIZONTALS • WHEEL LATHES • GRINDERS



# *Expanding?* **CONSIDER ILLINOIS**

If your business is expanding, consider the profit possibilities of a branch plant in Illinois. Here, closest to the CENTER OF MANUFACTURING, the CENTER OF AGRICULTURE, the CENTER OF POPULATION, and the GEOGRAPHICAL CENTER OF THE NATION, you will gain the benefits from these profit factors.

The advantages of Illinois, which have made possible the industrial growth of the State—from fifteenth to THIRD in value of manufactured products in less than a century—are profit factors deserving of your consideration in your plans for present or future expansion.

Illinois is the cross-roads of the Nation in industry and trade. Direct rail, highway, air, and water transportation facilities are available to the markets of the Nation, of Central and South America, and of foreign nations. The huge Middle West Market, with a population in excess of 50,000,000 is within overnight freight shipping radius. Branch plants in Illinois—closer to raw materials, to markets, to sources of good labor, and to other sought after advantages—have proved the wisest method of expansion in many industries.

## **Special Confidential Report to Executives**

Get the facts on Illinois as they apply to your business. Write the Illinois Development Council at Springfield for a special report containing complete details of raw materials, labor, taxes, power, fuel, transportation, and other facts which have an important bearing upon the selection of an advantageous plant location.

Please explain the nature of your business, and list any special problems you have in production, sales, distribution, or any unusual requirements in labor supply, type of building, raw materials, or other manufacturing needs, in order that a completely informative and practical report may be submitted to you. Your inquiry will, of course, be kept confidential. Write—

**ILLINOIS DEVELOPMENT COUNCIL • STATE HOUSE • SPRINGFIELD, ILLINOIS**



**A BUSINESS WEEK REPORT TO EXECUTIVES****SOUND-CONDITIONING YOUR BUSINESS**

**Recognizing that uncontrolled noise in office or factory is a real economic problem, industry has evolved new techniques to combat it. Improved acoustic materials produce measurable results in terms of reduced errors, better health for workers, and lower operating costs.**

ON A HARD-BOILED, dollars-and-cents basis, noise costs money to any business. Conversely and more importantly, it can be proved and has been proved that noise control saves and makes money in any line you care to name—in business establishments as diverse as banks, broadcasting stations, factories, stores, bowling alleys, restaurants, theaters.

Call it what you like—acoustical treatment, noise abatement, sound conditioning—the reduction of noise in any room where business is conducted speeds work and reduces errors by increasing employee efficiency and customer satisfaction. Plus returns, which can scarcely be reduced to dollars-and-cents analysis, include enhanced comfort, improved health, and significant reductions in end-of-the-day fatigue and absenteeism.

One of the major insurance companies installed acoustical treatment on the ceilings of a couple of its offices. Employees were on a bonus basis which took into account both their speed and their freedom from errors. At the end of the year, typing errors had dropped 29%, calculating-machine errors, 52%. Efficiency, i.e., speed and precision of all operators, had jumped an average of 8.8%.

**Company Figures Its Savings**

Executives of the company could not believe their own reports. Over a weekend, and not letting the operatives in on the change, they installed a layer of plaster board over the acoustical treatment without altering the appearance of the ceilings. Though it still absorbed more of the noise in the rooms than the original untreated plaster ceiling, typing errors immediately jumped 12% and machine errors 37%.

The company kept no records of actual savings in salary which could be credited to acoustical treatment but, translated into terms of an average \$1,000 salary, an increased efficiency of 8.8% meant a theoretical saving of \$88 per year. The cost of the particular sound-absorption material used was 60¢ per sq. ft. Allocating 50 sq. ft. to each person in the departments, the cost amounted to \$30, or a net saving of \$58 per employee for the first year. Plus returns were a reduction of 47% in employee turnover and 37½% in lost time or absenteeism.

From the point of view of business noise control, all sound is regarded as noise. Its loudness is measured in decibels, which can be established with considerable accuracy by a portable, electronic (vacuum tube) instrument known as an Audiometer or sound-level meter or "electric ear" (used during political campaigns to measure the applause given the rival candidates). Ten decibels of noise would represent a very low whisper in a soundproof room; 20 decibels, the rustle of leaves in a light wind; 30 decibels, a quiet private office; 50 decibels, an aver-



*Johns-Manville*  
**Lights and Sanacoustic tiles form a checkerboard of comfort for the employees in the home office building of Bankers Life Co.**

## Is advertising mere guess-work?

Not at all. In recent years methods of testing copy have been developed which make results far surer.

This agency is constantly testing its copy. We do not advise our clients on a hit or miss basis, but on a basis of experience and proof.

Isn't this the kind of advertising counsel you want?

**Newell-Emmett COMPANY**  
*Advertising Counsel*  
40 EAST 34th ST., NEW YORK

**WE DON'T GUESS ABOUT ANYTHING IN OUR BUSINESS... WHY MAKE AN EXCEPTION OF VALUABLE STORED LIQUIDS**



For every industry where control of stored liquids is an important factor LIQUIDOMETERS insure dependable, accurate readings at all times.

LIQUIDOMETER remote reading gauges automatically indicate or record liquid levels as required. No pumps, valves or auxiliary units needed to read them. Balanced hydraulic transmission system ingeniously compensates for temperature changes on communicating tubing and — accuracy of LIQUIDOMETERS is unaffected by variations in specific gravity.

LIQUIDOMETERS approved by Underwriters' Laboratories and other like bodies for gauging hazardous liquids.

Models are available for Remote Signals, automatic control of pumps, etc. Direct Reading models available where Remote Reading is not required.

Write for complete details on LIQUIDOMETER Instruments.

**THE LIQUIDOMETER CORP.**

38-12 SKILLMAN AVE., LONG ISLAND CITY, N.Y.

age business office; 80, a noisy office; 90, a noisy factory or unmuffled truck; 100, a boiler works.

Paradoxically, piercing noises of high pitch, like those of small whistles and ungreased railway curves and badly behaved radios, do not penetrate the walls of a room to the extent of lower-pitched, rumbling noises. Sometime at a cocktail party, when feminine voices rise high and masculine voices boom out at a jungle pitch, walk into the next room and close the door. Unless the intervening wall is pretty badly insulated, you will be unable to hear the more highly pitched voices. Furthermore, if the cocktail room itself has an acoustical ceiling of modern design, you will find while in the midst of it that the jumble of voices reaching your ear takes on a predominantly masculine quality.

### A Variety of Vibration-Insulators

Getting down to cases, any executive who seeks quiet in his business establishment must control not only the inside and outside noises, but the air-borne and the structurally-borne noises. Unless he has an unusual stand-in with the mayor and the police department, there isn't much he can do on control of the sources of street noises. But, even though he doesn't own the plant or building in which he operates, he can achieve almost any degree of noise control without an undue outlay of money.

For example, there may be pumps or engines or other machines in remote or nearby parts of the building whose noises are conducted through the building's structure. For such a situation there are any number of proved vibration- and noise-insulators ranging from simple foundation blocks of cork or felt or lead or rubber or wood or other materials for comparatively uncomplicated jobs to more or less elaborate built-in vibration-absorbent foundations. Available too are several excellent proprietary devices wherein rubber is combined with springs or held in shear or compression between supporting members of steel. With noises which might be carried through the structure of the building licked, the air-borne noises present comparatively simple problems. They can be kept in the room of their origin by blocking it off from the rest of the building with acoustical materials similar to those used in any sound conditioning.

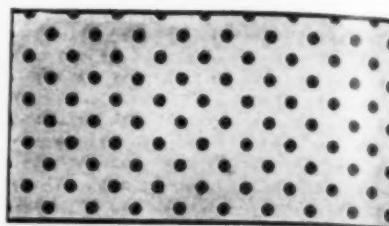
### Pads, Lubricants, New Parts

If gears or other parts in the offending mechanism set up a racket of one kind or another, it is frequently possible to reduce or cure it with better fitting parts or parts made of less noisy materials. If metal casings on the machines act as resonators for noises produced in their inwards, a layer of the mastic treatment used to take the noise out of automobile bodies will often do a good job of quieting. Pads and blankets of mineral wool

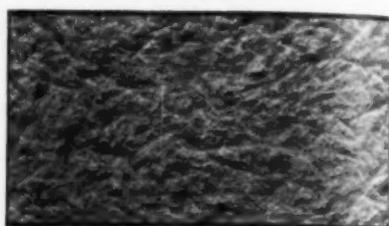
### Acoustical Materials

#### Look Like This

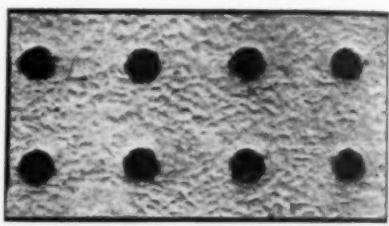
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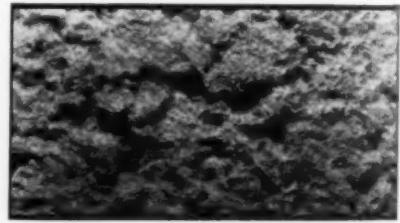
Metal-Mineral Wool Type



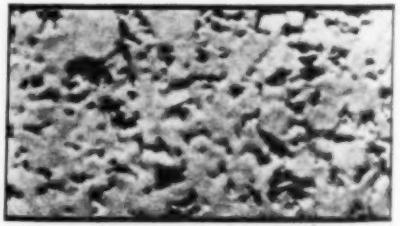
Fiber Type (unpainted)



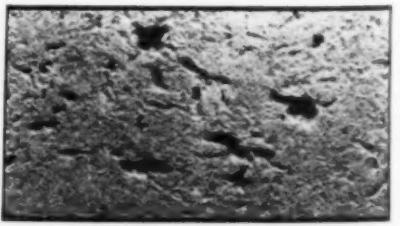
Perforated Fiber (painted)



Asbestos-Sponge-Cement Type



Cork Tile Type



Ceramic Type

or other fibers will also do the trick. Very frequently, too, a change in the lubricant or a more frequent application thereof will transform a shop "squealer" or "boomer" into a softly purring unprotestant. All such methods failing, the room which houses the offending equipment can be effectively insulated from the rest of the building.

As a matter of record, it has been found in the widely publicized Simonds Saw windowless plant (*BW—Oct 29 '39, p9*) that even the noise of forging operations can be so controlled by modern sound conditioning that the operations of the organization's business office can be conducted efficiently in the same big room which houses all of the manufacturing operations.

#### **Special Windows Help**

Windowless, air-conditioned buildings with walls of ordinary thickness solve the problem of street noises; so too, to a less satisfactory degree, do standard air-conditioned buildings with permanently closed windows. If noise continues to seep in, it is always possible to install special windows with two panes of glass sandwiching a layer of air or gas, or to fill the window openings with hollow glass block. If there is no air conditioning, and the budget does not permit it, there are any number of combination sound-absorbing and ventilating devices for installation at the bottom or top of partly opened windows.

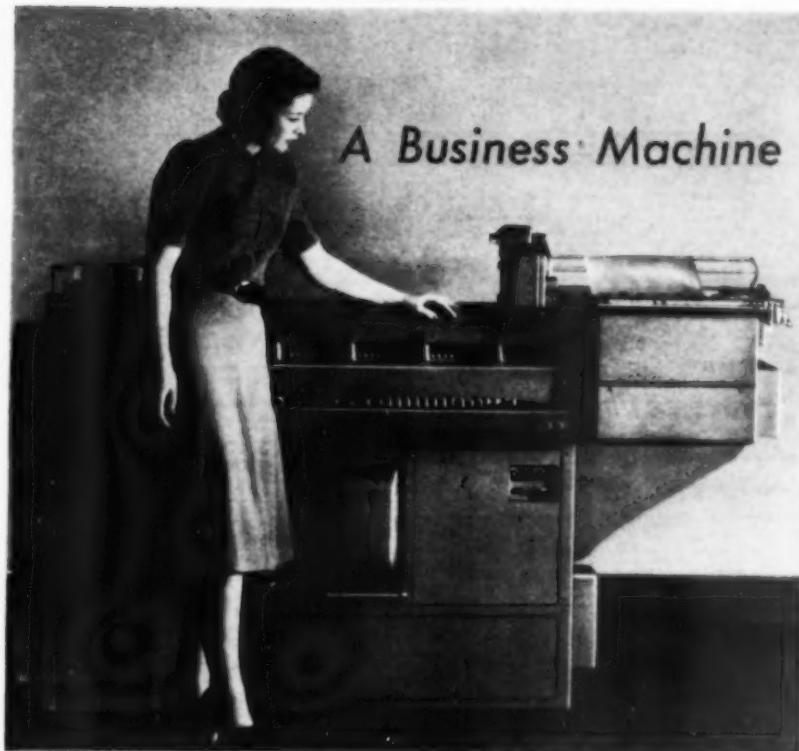
Inside noises present similar problems plus quite a few of their own. Miss Doe with her uninhibited high-pitched voice may be far too accurate a typist or business machine operator to permit her excision from the pay-roll. Mr. Roe may be so valuable as a business-getter that you are compelled to put up with his booning declamations to the telephone and dictating machine. But one thing you can do is to replace your noisy old business machines with new models.

#### **Equipment Quiets Down**

Veritable miracles of quieting have been performed recently on the whole range of business equipment. Redesign has brought in new materials like non-resonant plastics and even various sound-deadening metals, some of them with strengths as high as common carbon steels. Fortunately, many of the newer "lifetime-lubricated" bearings (ball, roller, or plain) are considerably quieter than the more orthodox designs. Rubber bushings, natural or oil-resistant synthetic, separate metal from metal. And, as if all this were not enough, the cabinets and housings of many business machines are now sound-conditioned with mastic or other substances.

From business machines, as well as from production machines and prime movers, it is a commonplace to extract the harsh bite of noise by mounting them on various proprietary insulating devices

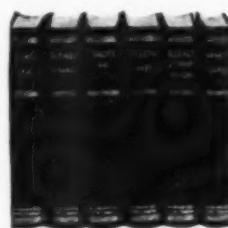
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Arnold Genthe

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World Headquarters Building, 590 Madison Avenue, New York, N.Y.

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- How to lay out a workable approach to marketing methods . . . improve the sales organization . . . develop promotion ideas . . . stimulate results in any of the several avenues of marketing.
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USE this Library for immediate help in specific problems, small and large—also to master the definite patterns underlying methods, get the knowledge of all business that cannot be gotten from the day's job alone. Wouldn't you like to organize your whole approach to business once and for all—to check on the worth of your experience and to supplement it where necessary with the proper fundamental viewpoint?

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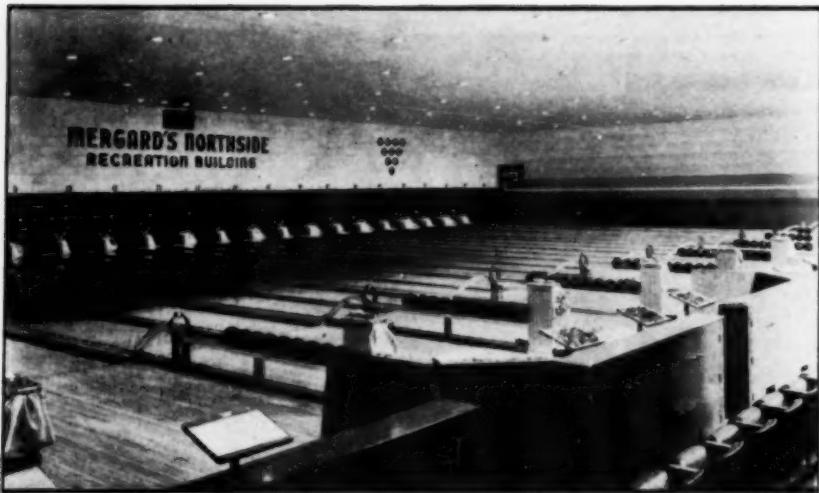
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*Strikes and spares are less noisy, but more plentiful, for bowlers under the Corkoustic ceiling at Mergard's recreation center.*

or by giving them proper lubrication. Sometimes a simple felt or rubber pad under a machine will be all that's necessary. Even the booming voice of the declamatory telephoner and dictator can be quieted with muffling attachments on the transmitter. Deep-pile carpets, linoleum laid over felt, rubber tile, rubber-asbestos tile, cork-mastic, and other specialized floor-coverings absorb the clatter of hard heels and some of the other office noises. Window curtains and other draperies are traditionally good noise-absorbers.

Granted that all has been done that can be done to prevent racket at its source, the next step is to sound-condition the room. Here the range of choice is likely to be bewildering until it is appreciated that the various acoustical materials fall into a comparatively uncomplicated pattern of about a half dozen well-defined types. Roughly these are: metal-mineral wool, fiber, ceramic, cork, sprayed mineral fiber, asbestos-sponge-cement.

#### Each Has Range of Absorbencies

Whatever the material, it will be seen that the physical theory behind the use of each of them is one of "absorbing sound like a blotter" and not permitting it to bounce or reflect from the ceiling or wall to the ear. In the case of each material, it is not the substance itself that does the job, but the entrapped air among the fibers and cells.

What does complicate the problem of selection is the fact that each material possesses not a single standard of noise absorbency which is equally effective over the entire range of sound pitches from low frequencies like the base notes of a piano to the high frequencies of the treble, but a whole range of sound absorbencies depending upon pitch. One material, for example will absorb 28% of the noise that strikes in the 256-times-per-second frequency of "middle C" on

the piano, 30% on the 128-cycle C below, 50% on the 512-cycle C above, and 79% on the 1,024-cycle C above that. Another takes out 55% at middle C, but only 54% at 1,024-cycle C. Still another absorbs 98% at 1,024, 63% at 256, but only 23% at 128. In other words, it should be determined by at least a rough-and-ready test whether the noise in your particular situation is high-pitched, medium-pitched, low-pitched, or mixed.

If by any chance your problem concerns a radio station or theater or restaur-

rant or other public room where speakers and entertainers must hold forth, you will undoubtedly call in the best acoustical engineering talent available to assist you in securing the right balance of sound absorption and resonance to give optimum quality to the voices and instruments heard there and maximum comfort to hearers. Just this year, one of the major broadcasting studios redesigned its main studio, adding patented adjustable resonators to bring back life to the music and speech of its programs which had been muffled out by too thorough a job of sound absorption.

#### Can Be Adjusted to Decoration

However, what you are out to do in sound-conditioning most rooms is to reduce the 70 or 80 decibel sound level of a noisy office to the 40 decibels of a quiet general office or the 30 of a quiet private office. For such a job, fortunately, your selection of materials is very wide—so wide that, while you are sound conditioning, you can achieve almost any decorative effect you may desire. Even if you want to go into domed and sculptured ceilings, which formerly presented tough acoustical problems of their own, you can condition them against sound reflection. "Dead spots" in rooms, where bouncing sound waves cancel each other out, and a speaker's voice drifts into nothingness, can be eliminated through well-engineered acoustical treatment.

Of the half dozen groups of acoustical



*The vaulted ceiling, but not the vault, of the Wellsville, N.Y., First Trust Bank is sound-conditioned with sprayed Limpet.*

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**Noise Abatement Week**

NEXT WEEK, Oct. 21-26, will be "Noise Abatement Week." Back of the project "to arouse the public to the evils of noise and the advantages of a quieter city and nation" is the National Noise Abatement Council comprising various civic groups and the following ten manufacturers: Armstrong Cork Co., Buffalo Forge Co., Celotex Corp., Congoleum-Nairn, Inc., Johns-Manville Corp., National Gypsum Co., Remington Rand Inc., Servel, Inc., Underwood Elliott Fisher Co., United States Gypsum Co. (BW—Sep 21 '40, p41).

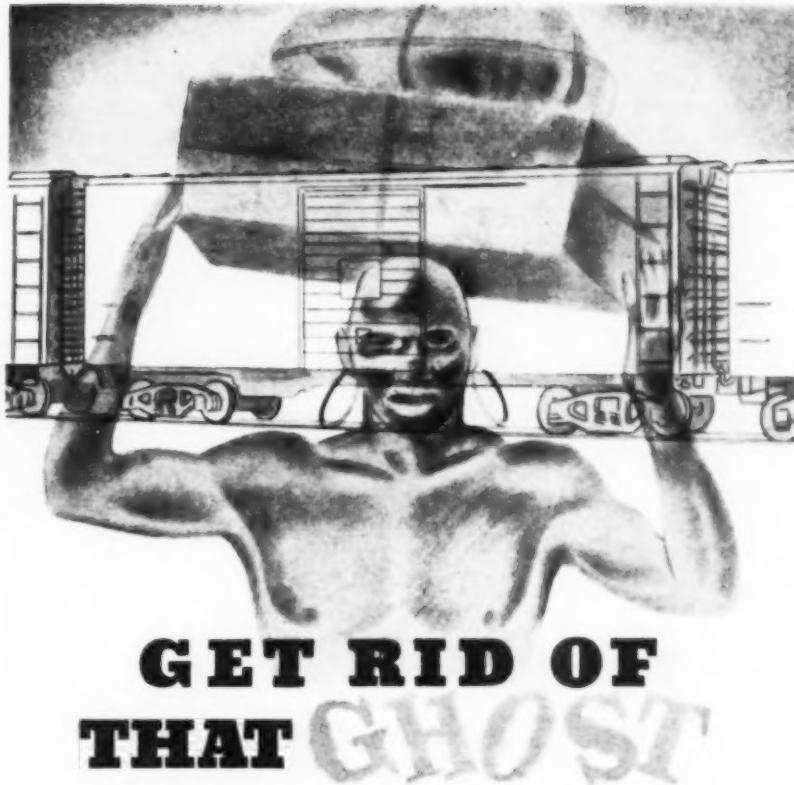
Five of them make the acoustical materials of noise control; five have been bending every effort to engineer quiet into their varied products. All of them aim to spread by advertising, publicity, and general promotion "the attested fact that noise interferes with the efficiency of workers to the extent that it costs American business and industry \$2,000,000 a day."

materials, the metal-mineral wool type is unique in that it is furnished by four concerns under license from one patentee. Burgess Battery Co. Celotex Corp. calls it "Acousteel"; Johns-Manville Corp. "Sanacoustic"; National Gypsum Co. "Acoustimetal"; United States Gypsum Co. "Perfatone." To the eye, it is a ceiling checkerboard of closely perforated enameled steel (or aluminum for special situations) with characteristic  $\frac{1}{16}$ -in. holes spaced on  $\frac{1}{2}$ -in. centers. At first glance you are likely to jump to the conclusion that the little holes are in themselves the sound traps. But when you get hold of a sample cross-section you will find, behind the metal, a pad of rock wool or mineral wool of thickness varying to meet the demand for sound absorption. If desired, plain panels or "tiles" of unperforated metal may be mingled with the perforated, either to achieve ornamental designs and borders, or to provide resonance to offset over-absorption of sound. If desired also, lighting fixtures can be channeled in such a ceiling, and the inflow of conditioned air can be directed through the perforations.

**Escape from Factory Din**

The efficacy of the Burgess construction can be experienced dramatically when you enter an open-face, doorless Burgess acoustical telephone booth located on a noisy factory floor.

Numerically the most plentiful are the various fiber-type acoustical materials. The fiber may come from sugar cane as in Acousti-Celotex, from wood as in Johns-Manville's Fibretex, National Gypsum's Gold Bond Acoustex and Econo-acoustic, U. S. Gypsum's Quietone and



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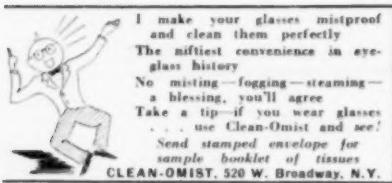
- *Ship via SANTA FE and know the tangible benefits of a service that maintains a great living tradition for speed and dependability!*

- *For full particulars as to rates, service, etc., consult your nearest Santa Fe representative, or write*

**J. J. GROGAN**

**FREIGHT TRAFFIC MANAGER, CHICAGO, ILLINOIS**

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**W**HEREVER tacking, stapling or fastening is done—in plant or shipping room—Model T-1 HANSCO One-Hand Tacker is not only faster but safer! Drives T-head Hansen Tacks in 4 lengths, 3/16" to 1/2". Hold Tacker in one hand—material in other—tack fast as you grip. Compact. Easily portable. Self-contained. Flush front for close spaces. Submit your tacking problems. Ask for Folder.

A.L. HANSEN MFG. 5130 RAVENSWOOD AVE. CO. CHICAGO, ILL.

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This steel-sinewed helper speeds American industry. MOBILIFT lifts, carries, piles goods 3 to 4 times faster than by older methods, doubles or triples usable storage space, greatly improves working conditions.

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Let a MOBILIFT engineer analyze your materials handling problem. Write for name of nearest dealer today.

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U.S.A.



# MOBILIFT

Quietile, Armstrong Cork Co.'s Temcoetic, Wood Conversion Co.'s Nu-Wood, and Celotex Absorbex like that used in sound-conditioning the Perisphere at New York World's Fair. Johns-Manville also has Rockoustic made from rock wool fibers and Transite made from asbestos fibers and portland cement. Celotex uses "expanded furnace slag in a mineral binder" for its Calicel.

Some of the fiber-type materials come in the form of planks, some in tile of various sizes and shapes, some in both. Transit has perforations at about 2-in. centers and is backed by a layer of rock wool for additional sound absorption, much after the manner of the Burgess material. Acousti-Celotex has patented perforations on about the same centers which, for additional absorbtivity, do not extend all the way through the material.

### Cast in Architectural Designs

Next in number of exponents is the group called for convenience, but not with strict accuracy, ceramic tile. Celotex calls its product Calicel Acoustical Castone, the basic raw material being the same expanded furnace slag (mineral

wool for short) as used in Calicel. Here, however, it is compounded with another binder and offered to the public in the form of custom-made architectural designs, precast to shape. Celotex has also Calistone tile of the same material and Mufflestone tile made of "expanded porous gypsum." Johns-Manville offers Perma-acoustic, a combination of baked clay and rock wool. U. S. Gypsum has Acoustone, a "fireproof mineral tile," whose ingredients are not publicized, but whose sound-absorbing qualities are good.

The three remaining classifications have only one well-known representative each. The cork-tile type is Armstrong Corkoustic; the asbestos-sponge-cement type is Johns-Manville Spongeacoustic and, as might be expected, carries a considerable proportion of natural sponge; the sprayed mineral fiber type has been used successfully in England for several years, but is comparatively new to the United States. All three are good sound absorbers with many installations to their credit.

The newcomer is Limpet, named aptly for a marine mollusk which clings to rocks like grim death, and is produced by Keasbey & Mattison Co. Unlike the usual run of acoustical tiles and planks, which come ready for hanging to ceilings, and acoustical plasters like U. S. Gypsum Sabinite and National Gypsum Macoustic, which are mixed with water like any plaster before application, Limpet comes to the job in the form of dry asbestos fibers mixed with bonding materials. An ingenious patented applicator swings into action, blowing the asbestos mix through a fine spray of water and thence to the surface to be sound-conditioned. Coefficients of sound absorption are high throughout the pitch range. Like its namesake, Limpet clings to flat or curved surfaces with equal facility and adhesion.

### Sound-Absorption and Paints

Strangely enough, painting has very little effect on any of the acoustical materials. On Limpet, for example, three coats of paint decrease efficiency slightly in the 128-cycle range, hold steady at 256 and 512, and actually increase efficiency at cycles of 1,024 and above. In general, however, the National Bureau of Standards has found that sound-absorption decrease as a result of applying paint is more likely to show up first for sounds of higher frequency. Its researchers discovered no advantage in favor of one type of flat paint over another, reporting equally good results with cold water casein paint and high-grade ready-mixed interior flat wall paint. One interesting point that the Bureau did note was that spraying the paint (reduced 50% with thinner) gave a more uniform and better appearing coating than brush application, required fewer coats, and built up less pigment across the pore openings of the materials of sound control.

**PRODUCTION****Flax Straw "Revived"**

Cleaning machine, used right on the farm, makes possible a profitable by-product.

MINNESOTA FARMERS now see an opportunity to convert a waste by-product, flax straw, into a neat profit, thanks to a cleaning machine newly developed by Archer Daniels Midland Co., Minneapolis, one of the country's largest manufacturers of linseed and other vegetable oils.

The day was when flax straw found its way into the upholstering business. But other times, other materials, and one by one the tow mills folded, and flax was grown solely for its seed.

But within the last couple of years American makers of fine papers—cigarette, condenser, carbon—have made a strong bid for the domestic market, formerly supplied by imports. Therefore, Archer Daniels has opened up a flax fiber division and is operating a plant at Winona, Minn.

Flax straw is very bulky in itself and normally, after threshing, contains much dirt, chaff, weeds and other waste, a handicap which swells transportation costs and burdens the manufacturer with excessive accumulations of waste.

So the Archer Daniels machine goes right to the farm to do its stuff. It cleans the straw and partially decortic peace and delivers a relatively pure article to the mill more cheaply than the old dirty variety.

Minnesota's aspirations for flax straw are a good deal less ambitious than those entertained by TVA scientists who have been developing a decorticator that processes flax straw for spinning on regular cotton mill machinery (*BW*—Oct 12 '40, p54), but they have the virtue of being more immediately practicable.

**Cottonseed Plastic**

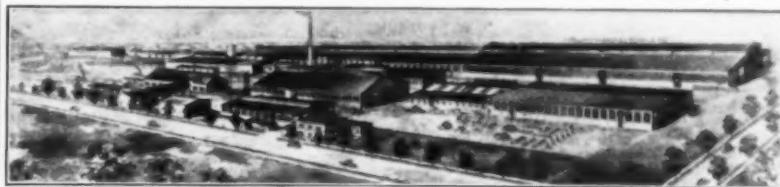
Tennessee scientists find industrial uses for hulls formerly burned as fuel or fed to cattle.

A STRONG new plastic of a hundred uses, made from cottonseed hull, has been developed by the University of Tennessee Research Corp., a non-profit organization, and already some of the applications are going into production by a manufacturer, National Plastics, Inc., Knoxville, Tenn.

The research corporation patents each development and controls, through releases, the use to which the development may be put. A royalty may be charged, but any money that is made is turned back into other research work. Various important Tennessee industrialists are di-

**FACTORY Ready To Occupy FOR SALE**

Over 250,000 Sq. Ft. of One Story Space on 20 Acres Fenced



Harvey, Illinois (Suburb of Chicago)

**BUILDINGS In Good Condition (Several With Overhead Cranes)**

**POWER, LIGHT, HEAT and WATER Supplies (Owned by Factory) Ready to Run**

**EXCELLENT SHIPPING Facilities—Illinois Central, Baltimore & Ohio, Grand Trunk Railroads**

**PRODUCTION of World Famous Equipment—Economically and Successfully Conducted Up to Present**

**LABOR and LIVING Conditions Excellent**

For details and inspection apply:

**WESTERN-AUSTIN COMPANY**

AURORA, ILLINOIS

N. DeWIND, Agent Phone: Aurora 8753 or Chicago Phone Lawndale 7310

NOTE: The principal reason for selling Harvey property is that our older plant at Aurora includes 60 acres where we have just completed extensive new shops to provide 250 percent increased production which Harvey with only 20 acres could not accommodate.



In consumer advertising it may be possible to lean heavily upon pretty pictures and get both praise and profit.

In business paper advertising, if you are getting much praise from anybody but the readers of the business papers to whom your advertising is addressed, you should seriously question its true effectiveness. If it's written in terms of those readers' specialized business in-

terests, it can't appeal much to your golf club chums.

• One of Management's greatest opportunities to increase profits is to make business paper advertising carry a real share of the sales load. Unfortunately, one thing that escapes many executives is that the responsibility for this job rests with them.

For these simple reasons:

**ONE** To make your business paper advertising pay, you must first determine and clearly define your best markets. (Surely this is a job in which you should participate.)

**TWO** To make business paper advertising pay, you must carefully analyze your advertising objectives, making sure that they are valid and adequate, because you'll never get any more selling out of your advertising than you put into it. (Surely your executive judgment is just as important here as in the determination of your company's manufacturing and sales policies.)

At very small cost you can prove all this for yourself on any product sold to business. Write or phone A. B. P. for suggestions.

**The Associated Business Papers**

369 Lexington Ave., N.Y.C. CAledonia 5-4755

Highest editorial standards and publishing integrity.



Provided reader interest in terms of paid circulation.



# RESISTS 2,000,000 VOLTS!

New low-cost VINSOL\* resin with excellent electrical values, has many other profit-promising properties.

## YOU CAN USE **VINSOL\*** RESIN IN MAKING:

Motor windings  
Transformers  
Laminating varnish  
Impregnated paper products  
Cold molded plastics  
Hard pressed board  
Adhesives  
Shellac substitutes

Asphalt emulsions  
Plasticized Portland cement  
Mortar cement  
Paints  
Varnishes  
Stains  
Nitrocellulose lacquers

### Great Insulating Strength Useful to Many Industries

High dielectric strength of Vinsol, with resistance to 2,000,000-volt impulses, makes it a superior insulating material. At 85°C., breakdown is above 20,000 volts; power factor ranges from 0.5% at 25°C. to 15.2% at 103°C.; dielectric constant from 2.81% to 6.5%.

### These Interesting Properties Are Creating Wide Demand for Vinsol Resin

Outstanding electrical characteristics are only one reason why this new low-cost resin is being used in all types of products. Here are other highlights that may indicate profitable application in your own plant.

**Insoluble in petroleum derivatives** — Chemists know how unusual and important this is in protective coatings, plastics, and other products.

**Available in pulverized form** — 60% passes a 200-mesh screen; 100% passes 30-mesh. Does not set or cake under normal temperature and humidity.

**Easily emulsified** — With glycerin, ethylene glycol, diethylene glycol, etc., Vinsol yields resins of value in lacquers and varnishes.

**Easily separated** — Produces emulsions of extreme stability—valuable in asphalt emulsions.

**Other important properties** — Dark-colored; dark red by transmitted light; chemically and physically stable; melts at about 115°C.; acid number, 93.

### Why Not Try Vinsol in Your Own Operations?

Low-cost Vinsol Resin is being adopted by industry for many reasons. It has unique properties, obtainable with no other material. It is exceedingly low in cost, yet is so uniform and stable to age that it has replaced many cheaper materials and still saves money. It is readily available, in any quantity. Many important uses have been uncovered, yet there are many more places where Vinsol could be used for improved products and greater profits. You should try Vinsol Resin in your own operations, for if it is applicable you can then be sure of deriving full benefits. Use the handy coupon, and we will send you enough for a fair trial.

### FREE SAMPLE OFFER:

Tell us on this coupon how much Vinsol Resin you will need for a trial.

Naval Stores Department  
**HERCULES POWDER COMPANY**  
INCORPORATED  
928G Market St., Wilmington, Del.  
We need ..... pounds of Vinsol  
for testing.  
Send me a descriptive booklet ..

Name.....  
Firm.....  
Address.....  
\*Reg. U. S. Pat. Off. by Hercules Powder Company

rectors of the non-profit research corporation.

The new plastic can be used for tile board, fountain pens, ash trays, electric appliances, parts of machinery, radio cabinets, and many other things. Plastic sheaves for textile looms, advertised as "a new product that licks an old problem," are being manufactured by National Plastics, Inc., and are being employed in 10 states, so far without complaint.

Importance of this new plastic is easily seen when it is considered that cottonseed hull is now practically worthless. It is fed to cattle; some farmers burn it for fuel. It can be bought for \$1.50 a ton, f.o.b., in Memphis, Tenn.

The cottonseed hull, compounded with two chemicals, furfural and phenol, makes a black plastic of light weight, extremely hard. It doesn't crack easily and does not conduct electricity readily. And it may be combined with other materials like aluminum for special effects.

### Seed-Cooking Time Cut

The new plastic is not the first of the discoveries made by the dozen scientists who for 11 years have been working in a little concrete building back of the University of Tennessee's football stadium in an effort to expand the commercial uses of cotton. Earlier, they had developed a cotton seed processing method eight times as efficient as the present method—a development bringing about the first major change in the cottonseed oil industry in 25 years. It reduced the seed-cooking time from 120 to

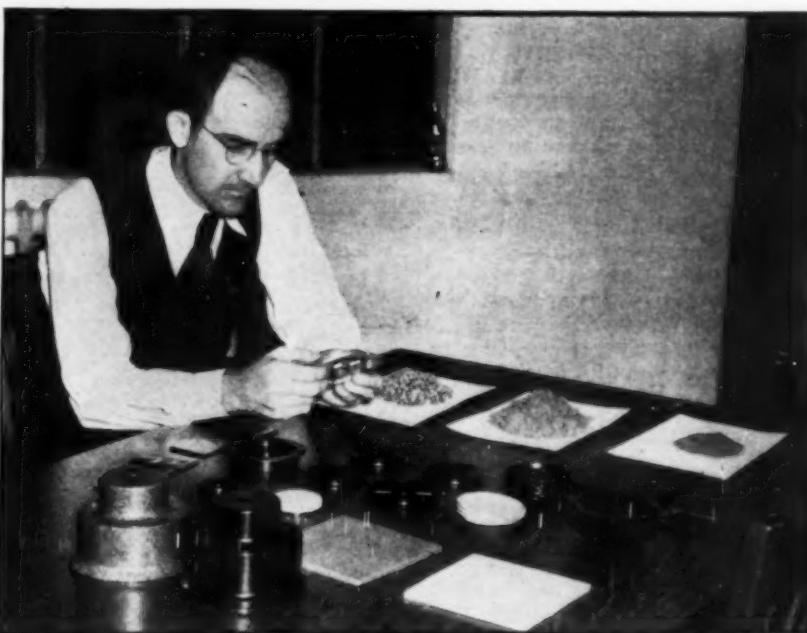
15 minutes, increased the oil yield 10 lb. or more per ton of cottonseed, and improved the quality of both oil and the residual cake. Savings of 25% on power and fuel costs are claimed as a result of the reduction in cooking time.

Pressure cookers have already been installed in three plants in Texas, two in Oklahoma, three in Georgia, three in Mississippi, one in Tennessee, one in Arkansas, and one in Russia. A new plant at Marks, Miss., the first completely new plant to use University of Tennessee processes exclusively, is now under construction.

### Working on Industrial Chemicals

The scientists are now working on still another way to make plastic from cottonseed hull. They are seeking means to extract furfural, a chemical, from cottonseed hull, and to use what is left—lignin—for plastic.

Furfural, now manufactured from oat hulls that yield only about 180 lb. per ton, has many applications in the plastic industry, in petroleum and in wood preservation. Cost of producing furfural now is about 6¢ a pound. The experts believe they can obtain 300 to 350 lb. of this chemical compound from a ton of cottonseed hull bran and, with a collateral product, they can cut the cost of furfural 50%. Under the direction of John F. Leahy the experimental station is also seeking to devise a commercially useful technique for the extraction of protein from cottonseed which, if successful, will make cottonseed a source of material for paint and a synthetic cloth almost like wool.



E. C. Grubbs, assistant projects director of the University of Tennessee Engineering Experiment Station, Knoxville, looks over some of the

new plastics made from cottonseed hull. He is holding one of the plastic sheaves for textile looms being manufactured by National Plastics, Inc.

Bantam  
LIGHTEST  
respirator  
of Mines  
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non-crus  
Willson

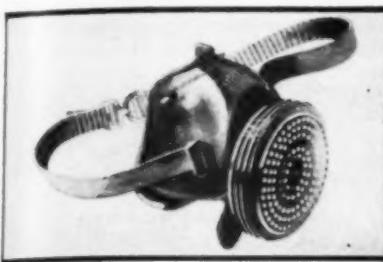
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**NEW PRODUCTS****Bantam Respirator**

**LIGHTEST WEIGHT**, throw-away filter-type respirator approved by the U. S. Bureau of Mines is the new Willson Bantam Respirator. It is made with a comfortable,



non-crushable all-rubber face-piece by Willson Products Inc., Reading, Pa.

**Touch Time Recorder**

BY THE SIMPLE EXPEDIENT of clipping off the bottom left-hand corner of an otherwise standard time card, the designers of the new Simplex Electro-Touch Time Recorder make it next to impossible to insert the card incorrectly and thus to get misplaced time registrations. The machine, which is distributed nationally by Widmer Time Recorder Co., 42 Broadway, New York, is completely automatic. Just thrust the card in a slot; the time is printed instantaneously.

**Modern Air Compressor**

THE LITTLE INSTRUMENT in the foreground is not a radio for the entertainment of the painter, but the newest DeVilbiss Air Compressor Unit for his spray



gun. Rated at  $\frac{1}{2}$  hp. by the maker, DeVilbiss Co., Toledo, it delivers 4.55 c.f.m. of air at 45-lb. pressure, plugs into the nearest electrical outlet.

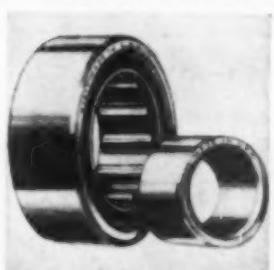
**Sparkless Casters**

DESIGNED FOR HOSPITALS which are subject to anaesthetic explosions caused by static electricity, the new Faultless Con-



*Lithographed on stone by James E. Allen*

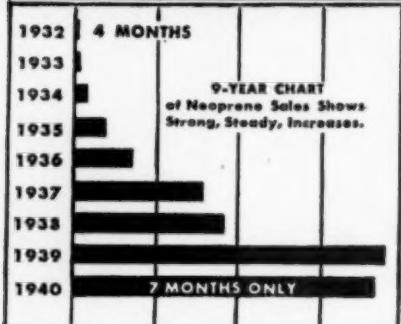
**BECAUSE OF FRICTION-FREE HYATTS** at vital operating positions, very little attention is required by the cranes, hoists, trucks, conveyors, etc. that handle materials around a busy factory. Hyatts bear the loads, conserve energy, smooth progress, lengthen equipment life. It's like that everywhere . . . in mill and mine; on highways, railways and farms . . . for dependable Hyatts handle their assignments with less wear and care! So be sure Hyatts are in the equipment you next build or buy. Hyatt Bearings Division, General Motors Sales Corporation, Harrison, N. J., Chicago, Pittsburgh, Detroit and San Francisco.



**HYATT**  
ROLLER BEARINGS  
**QUIET**

## Industry Has Learned a New Word—

# neoprene



**TEN YEARS AGO** Du Pont chemists perfected a new material — now called neoprene. Today the word neoprene is known throughout all branches of American Industry . . . for it describes a rubberlike material that is playing a vital part in Industry . . . an important role in our program of National Defense.

**What is Du Pont neoprene?** Many people call it a "synthetic" rubber. But actually neoprene is much more than that. Products made from it have many of the advantages of natural rubber products . . . strength, elasticity and toughness. But neoprene products have extra advantages . . . resistance to oil, heat, aging, sunlight and many chemicals.

**What is Du Pont neoprene used for?** Since 1932 rubber manufacturers have perfected many longer-lasting, money-saving products made of this amazing material. This year Du Pont is delivering over a half-million pounds of neoprene a month to hundreds of rubber manufacturers who are making better products of neoprene . . . hose for conveying all kinds of materials . . . transmission and conveyor belts . . . gaskets, printing rollers, cables, industrial garments, shoe soles and gloves. These and hundreds of other neoprene products are making service records in almost every branch of Industry.

It will pay you to look into Du Pont neoprene . . . for the products you make or the products you use. We'll be glad to place our technical experience at your disposal . . . and put you in touch with reliable rubber concerns who manufacture neoprene products. Send the coupon below, or write us on your letterhead.



DuPont, Rubber Chemicals Division, Dept. B1,  
Wilmington, Delaware.  
Yes—I'd like to know more about neoprene for use in

Name \_\_\_\_\_  
Business \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

dux (electrically-conductive rubber) Casters come in various sizes which may be applied to all kinds of furniture and hand trucks anywhere. The maker, Faultless Caster Corp., Evansville, Ind., also has Condux Crutch Tips which may be used on the legs of small tables, benches, chairs, and stools.

### Aluminum-Bronze Weldrod

SIX GRADES of coated aluminum-bronze weldrod with ultimate strengths from 61,500 to 96,000 p.s.i. have been developed by Ampco Metal, Inc., 3830 W. Burnham St., Milwaukee. They will be marketed under the name of Ampco-Weld Weldrods for applications requiring high strength, hardness, and resistance to wear, fatigue, and corrosion.

### Foot Conditioner

TRIED OUT ON THE FEET of numerous Detroit salesmen for almost a year, the Foot-Flexer is putting so many of them



back into good condition that Bremdun, Inc., Penobscot Bldg., Detroit, is going after national distribution. Rolled under the foot, the little rubber device exercises and massages the arch.

### Non-Inflammable Cement

SINCE IT CONTAINS no inflammable solvents, there's no danger of fire with Texglue, the new latex-rubber cement developed by B. F. Goodrich Co., Akron, O. Uses run from office pasting to window displays to the manufacture of products involving the adhesion of textiles, leather, paper, and other porous or non-porous materials.

### Electrical "Forge-Welding"

FOR THE SPOT-WELDING of heavy metal sections as thick as one inch, Progressive Welder Co., 3006 E. Outer Drive, Detroit, has developed Resistance "Forge-Welding." A pressure of 9,000 lb. squeezes two pieces into intimate contact while intermittent blasts of current are heating them to welding temperatures. During the contact they are forged together automatically by a series of 1,000-lb. hammer blows.

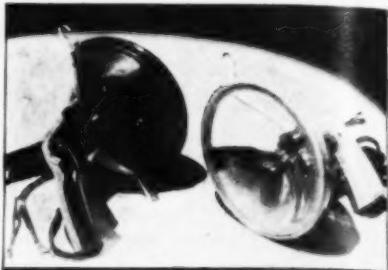
### Deep-Drawn Acetate

FOR MANY YEARS, fabricators have been "deep-drawing" sheets of cellulose acetate into all sorts of forms and shapes. Just recently, Weinman Bros., 325 N. Wells

St., Chicago, have developed and patented the "Uni-Mold" Process of deep-drawing sheets of cellulose acetate into such shapes as rectangles, ovals, hearts, domes, bells, trade-mark designs, etc., "with no joints, no cemented corners, and no unsightly pieced parts." First applications will be in packages and counter displays.

### Multi-Purpose Light

KEPT FOR EMERGENCIES in a car's glove compartment," the new Mobilite may be



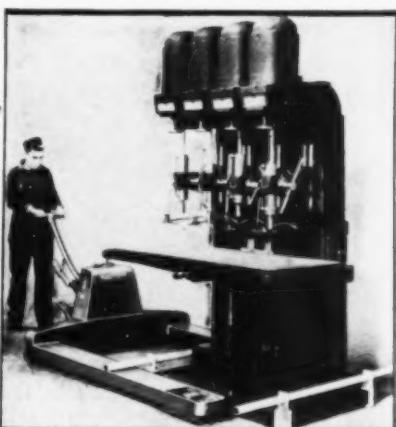
used as searchlight or trouble-light. It will hang by its hook under the hood; laid on the ground it will not roll. S. H. Thomson Mfg. Co., Dayton, O., puts it out in several colors of Lumarith plastic.

### Thermalarm

AS THE NATION'S production mounts, transformers are subjected to higher and higher electrical loads. Many of them get too hot for safety. To guard against such a condition, Eastern Specialty Co., 3617 N. 8th St., Philadelphia, offers the new Thermalarm, a small, box-like device which is simply and securely held on a transformer's steel case by permanent magnets. When the case gets hot, a metal signal flag flips up.

### Versatile Toter

SPECIAL DEMOUNTABLE CLAMPS make the Lewis-Shepard Open End Hydraulic Lift Truck available for the installation and



relocation of many machine tools used in defense and regular production. Capacities furnished by Lewis-Shepard Sales Corp., 245 Walnut St., Watertown, Mass., range from 3,500 lb. to 15,000 lb.

If Wall would roll Churchyard faced with changes he and waiting aggressive mal share competitio

The Chi to meet th by length Sep 21 '40.

Navy

Step by building has mad the reo Philadel of \$100. This w William its ex Du Bos 45 year been a tive cou chairma Reed, p

## MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

### Curb Exchange Hunts Business

**Seeking way out of Wall Street doldrums, it bases promotion campaign on "trade here and make money" and "list here and boost your credit standing."**

If WALL STREET were any deader it would roll up and bury itself in Trinity Churchyard at the end of the street. But, faced with decimated volume, stock exchanges have stopped just sitting back and waiting for business. They now are aggressively seeking not only their normal share but also a morsel off their competitors' plates.

The Chicago Stock Exchange is trying to meet the problem of reduced volume by lengthening hours of trading (BW—Sept 21 '40, p 44). Any of the 72 issues

listed on both the New York Curb and the Chicago Exchange can be traded in the Windy City for an hour after the Curb closes. The Boston Stock Exchange seeks to lure business by pointing out that the Massachusetts transfer tax is smaller than in Gotham.

The New York Curb, on its own behalf, is spreading in all directions its doctrines of "trade here and make money" and "list here and boost your credit standing."

First step in this Curb program was to list the newspapers throughout the country which did not quote Curb stock prices and to encourage member firms in those cities to induce editors to print at least the closing figures. The South and Far West were found woefully deficient in Curb tables, and many persons won't trade in a stock unless it is quoted daily in their local journals. Then, arrangement for a summary broadcast of day-to-day activity was made with a radio news company which serves 300 stations.

#### Seek Associate Memberships

Next, a representative of the Curb visited more than 500 of the 1,493 offices of Curb houses and solicited associate memberships. Any person over 21 years old who is employed with a firm in the business of buying and selling securities as broker or dealer may apply for such a membership, which will permit him (and thus his firm) to trade on a split fee basis. This can save active dealers quite a sum of money (and incidentally encourage them to list on the Curb those securities in which they have an interest).

Members now are considering a proposal further to encourage associate memberships by lowering the initiation fee from a flat \$2,500 to \$500 a year for three years—so long as the price of regular memberships, now at \$6,900, remains below \$10,000. Incidentally \$2,500 is the highest bid now on a regular seat with \$6,900 asked. The liquidating value, as shown in the last annual report, was around \$9,000.

A representative is making almost daily speeches to the partners and employees of member firms, pointing out those Curb-listed stocks which appear to offer investment appeal in the light of their earning and dividend records so

### Navy Builder Joins Cramp



Step by step, the new Cramp Shipbuilding Co. (BW—Aug 17 '40, p 17) has made financial arrangements for the reopening of its old yards near Philadelphia, to speed construction of \$100,000,000 worth of cruisers. This week it named Rear Admiral William G. Du Bois as chairman of its executive committee. Admiral Du Bois has served in the Navy for 45 years, and for more than 40 has been among its prominent construction engineers. Others on the executive committee are Joseph P. Ripley, chairman of the board, and James Reed, president.

### FALL REMINDER

As styled by BELL craftsmen from the finest of imported fabrics, one suit, or a complete wardrobe, will distinguish you as a person of discrimination.

Our displays possess a richness of quality that is worth a lingering visit.

*James W. Bell & Co.*  
522 FIFTH AVENUE, NEW YORK

Tailors for Gentlemen



"GROUP INSURANCE  
STRENGTHENS THE BOND  
BETWEEN MY EMPLOYEES  
AND MY COMPANY."

Salaried experts of the Aetna Group Division will gladly explain our complete Group coverage for employees—Life—Pension—Sickness—Accident—Hospitalization.



**AETNA LIFE**  
INSURANCE COMPANY  
Hartford Conn.

that the data may be passed on to customers. Regional public-relations groups have been established in Chicago, Boston, and San Francisco further to stimulate interest in Curb stocks.

An industrial classification of securities has been printed and distributed to 5,000 interested persons. The annual report has been modernized and humanized. Locally, World's Fair visitors and any others who are interested are invited

to view the trading from the Curb floor and see occasional industrial movies which show the workings of Curb-listed corporations.

The Curb primarily is a seasoning market. It is normal and natural to lose listed issues to the Big Board. But this means that new issues must be listed to replace those lost. For more than a decade the number of issues listed has been declining; from 1,812 stock and 470 bond

issues at the end of 1928 to 1,672 stock and 286 bond issues at the start of the week. Best sources of listings are corporations whose securities are distributed by the members. These members may serve as specialists in the share after a market is established. Curb listing fee of \$1,000 plus cost of publishing the application is a selling point, for the Big Board charges around \$120 for each 10,000 shares, which makes it expensive

## Third-Quarter Earnings Outrunning Taxes

ONCE AGAIN the most important financial news of the day is composed of corporation earnings. The early birds already have made public results of the third quarter and the nine months. Within the next few days the trickle will increase to a veritable flood, and judged by those reports so far at hand the showing will be fully as favorable as market analysts expect.

Main topic of conversation, in relating earnings to market values of securities, will concern the character of the ceiling which increased taxation is placing on earning power. Third-quarter reports in many cases are distorted by tax allowances. The company which adjusted earnings statements for the first and second quarters for normal income tax only must now deduct the increased corporate-income levy plus excess-profits payments. This will tend to reduce many corporations' net income for the quarter ended Sept. 30 disproportionately in relation to earlier periods with which comparisons customarily are made.

Owners of second-grade bonds will want to know how much a company earned *before* allowance for taxes be-

cause bond interest comes ahead of federal taxes as a practical matter (even though accounting practice commonly dictates that margin of interest coverage be computed after allowing for taxes).

The holder of common stocks, on the other hand, has very little interest in how much earnings were before taxes. He wants to see how much is left over for his shares and how much of future earning growth will go to the Collector of Internal Revenue instead of to the owners of the business.

### Steel, Glass, Rayon Up

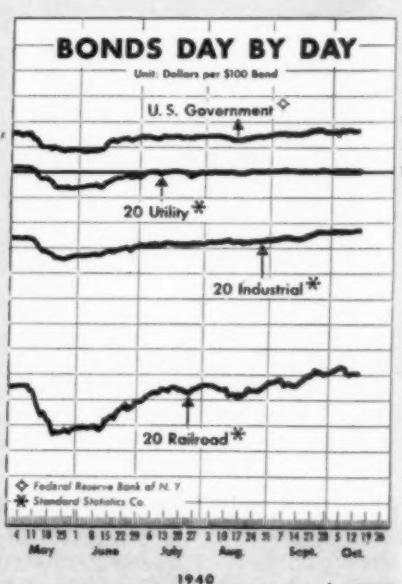
Third-quarter statements so far seem to indicate that the tax collector won't get too large a slice with business as good as it is now. One striking example is to be found in the case of several important steel companies which have reported for the three and nine months ended Sept. 30.

Republic, for example, reports net of \$6,183,880 for the third quarter of this year, against \$3,337,730 in the preceding three months and \$2,815,339 in the comparable period last year. For the nine months the com-

pany's net was \$12,633,333, more than three times as large as it was for the 1939 period.

Sharp improvement is by no means confined to steel. Mathieson Alkali earned \$1,250,240 in the first nine months of this year, compared with \$624,767 in the like period of 1939. Libbey-Owens-Ford Glass reports \$7,314,781, against \$3,902,516. The rip-roaring pulp and paper industry is cleaning up, as indicated by Soundview Pulp's \$1,670,661 for the nine months, the highest net income since the company's formation in 1934 (in the comparable 1939 period Soundview reported \$293,752).

In the field of rayon, where capacity of plant has had to be increased steadily, Tubize Chatillon comes through with net of \$1,236,113 for the nine months, in comparison with \$625,229 in the preceding year. In the foundry and steel specialties lines there are reports like those of National Malleable with \$931,214, against \$450,180; Sharon Steel with \$754,878, against a deficit of \$200,027; and Transue & Williams with \$44,667, in comparison with \$373.



for large corporations with hundreds of thousands of shares outstanding.

The advisability of reducing the number of memberships is being studied. This would eliminate those inactive seats inherited by estates. Revision of commission rates, especially the clearance rates and give-up fees, also is under consideration.

That hardy perennial plan of a consolidation between the New York Stock Exchange and the Curb again is blossoming. The Curb denies any great interest in the proposition, says it would be as sensible as a merger between the stock exchange and the cotton exchange, and adds that the stock exchange has too many members now. The Big Board denies that it has been approached on any such deal although a management engineering firm retained to suggest economies may be studying the plan on its own initiative.

#### Bond-Stock Swap Suggested

Under one proposed plan, the Curb would move into the stock exchange building and try to sell its own building. Another method would be for the Big Board to trade its bond business for the Curb's stock transactions, thereby creating literally a N.Y. Stock Exchange and a N.Y. Bond Exchange.

The latter plan, intended to increase the total volume of bond trading, hasn't met a very hearty response among the bond-selling fraternity. They say that less than 15% of total bond sales and less than 1% of U.S. government bond sales are on an exchange. Remainder are over-the-counter, with negotiation but without publicity. So large, in fact, are the private sales, that in many cases the price quoted for an issue on the exchange follows and is dependent on the over-the-counter market. In other cases, a few bonds are sold or bought on the exchange in order to establish a listed price as springboard for bargaining.

Most over-the-counter bond sales are on a "net" basis without commission, although some firms charge a fee of  $\frac{1}{2}$  point or less, shading the  $\frac{1}{2}$  point required by the exchanges. Bond houses quote over-the-counter prices on bonds for several hours after the close of the market.

#### Don't Forget Mica

**It's a small industry but an important one, and Far Eastern situation may put it in the news.**

MICA quite possibly was the first mineral mined in the United States. Dumps at the site of present-day diggings in western North Carolina show that the aborigines worked this area long before the coming of the white man. And the mound builders of the Ohio Valley left a wide variety of mica ornaments.

Thirty or forty years ago, most of us

## THE NATIONAL CITY BANK OF CLEVELAND



### *Statement of Condition*

SEPTEMBER 30, 1940

#### ASSETS

Cash and Due from Banks . . . . .	\$ 90,824,366.25
United States Government Obligations . . . . .	43,520,348.87
Other Securities . . . . .	15,925,960.85
Capital Stock of The National City Building Co. .	2,075,000.00
Real Estate Owned . . . . .	52,589.15
Loans and Discounts . . . . .	56,904,473.85
Accrued Interest . . . . .	509,872.43
Customers' Liability on Acceptances and Letters of Credit . . . . .	2,525,400.89
Customers' Liability on Loan Commitments . . . . .	443,155.59
Other Assets . . . . .	152,616.57
	<hr/>
	\$212,933,784.45

#### LIABILITIES

Capital Stock . . . . .	\$ 9,000,000.00		
Surplus . . . . .	4,350,000.00		
Undivided Profits . . . . .	1,200,874.29	\$ 14,550,874.29	
Reserves . . . . .		2,641,074.78	
Dividend on Capital Stock Payable October 1, 1940 . . . . .		270,000.00	
Accrued Interest and Expenses . . . . .		94,922.75	
Deferred Credits and Other Liabilities . . . . .		210,375.14	
Acceptances and Letters of Credit . . . . .		2,525,400.89	
Loan Commitments Outstanding . . . . .		443,155.59	
Corporation, Individual and Bank Deposits . . . . .		\$150,487,154.32	
Savings Deposits . . . . .		29,807,161.71	
Trust and Public Deposits . . . . .		11,903,664.98	192,197,981.01
		<hr/>	
		\$212,933,784.45	

NOTE: United States Government obligations carried at \$13,397,994.96 are pledged to secure trust and public deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## How are your sales west of the Rockies?

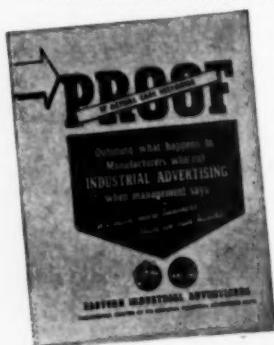
THIS is a rapidly expanding market. Your sales should be increasing. If they are not, perhaps we can help.

For years we have successfully directed sales west of the Rockies and in Hawaii for a few important national concerns. Three of them have used our organization for over 20 years. With headquarters in the East, they have found it more efficient to have active, regional sales supervision here.

Ours is a flexible, complete selling service intelligently directed to get results. We maintain the individuality of the several manufacturers we represent.

Your inquiry is invited.

**THE GEO. H. EBERHARD COMPANY**  
290 First Street, San Francisco



### "LEST THEY FORGET"

Another sellers' market is here. . . . The old cry of "too busy to advertise" is being voiced by management that has forgotten the industrial deaths following the last boom years. . . . If you have clients or customers with this state of mind, get this collection of case histories into their hands at once. Show them what happened to many big firms who once had more business than they could handle. Adv. Mgrs., publishers, agencies, printers, paper makers, etc., can protect their own volume of business by distributing copies of "PROOF" (17 actual case histories—illustrated) to responsible executives. . . . Price \$1.00 per copy postpaid. Send check to:

GRAHAM ROHRER, Secretary,  
Eastern Industrial Advertisers  
c/o Baldwin Locomotive Works,  
Puscall Station P. O.  
Philadelphia, Pa.

were familiar with mica in the form of insulating stove windows in the front parlor heater. Today we seldom think of the mineral. Yet it has scores of industrial uses, even though most of them rarely meet the eye, among which might be mentioned the national-defense item of paper-thin "cigarettes" used as sleeves in airplane sparkplugs.

### Industry Applies It Widely

High-grade mica in sheets is required in scores of applications as an insulating material which is virtually impervious to heat. You'll find it in the tubes of your radio, and this use is more or less typical of the many to which mica is put in the manufacture of all sorts of electrical equipment. Low-grade mica is ground for use in roofing, paints, wallpaper, and certain types of decorative glass.

It isn't a big business—total volume of sheet mica used in a good year like 1937 was only about 2,600,000 lb.—but mica has its definite place among the strategic raw materials. Most of our high-grade mica is imported, about 90% of it coming from India. Shipping costs and dangers that this Far Eastern supply might be cut off threaten to catapult mica into the news because prices of some grades have just about doubled.

The United States can be entirely self-sufficient on mica—at a price. If India were to be cut off (so far shipments have been equal to demand) and if the increasing output of Brazil should prove insufficient, North Carolina can do the job. But you can't buy labor in North Carolina for a few cents a day as you can in India.

### Labor Is Big Factor in Costs

Sheet mica is a hand-production job. The worker peels the flakes off blocks cut from the deposit, and labor consequently becomes the big item in ultimate price to consumer. Under the circumstances, our domestic production for a long time has been largely in the low-grade field.

That consuming industries in this country have been preparing for a possible crisis may be seen from the import figures. The Department of Commerce reports that 8,426,341 lb. were brought into this country in the first half of 1940 as against 4,396,282 lb. in the similar period last year.

Aside from increased home production and accumulation of imported supplies, manufacturers may be able to turn to a limited extent to Alsifilm, a man-made mica which duplicates the chemical composition of mica but doesn't measure up on all its physical properties. It is possible that, with great heat and pressure, the substitute could be compressed into sheets as strong as those now mined. So far, however, it hasn't been possible to come anywhere nearly up to the compressing job done by Mother Nature.

### Who Uses Mica?

THE ELECTRICAL INDUSTRY is the largest user of high-grade sheet mica. The Bureau of Mines breaks down 1939 consumption of raw sheet or block mica as follows (figures in pounds):

Transmitter condensers	30,000
Trimmer condensers	20,000
Receiver condensers	105,000
Industrial condensers, magnetos	15,000
Sparkplug cigarettes, shields	12,000
Sparkplug washers	50,000
Radio tube parts	750,000
Washers, small stampings	1,127,000
Electrical appliances, etc.	500,000
Miscellaneous	10,000
Total	2,600,000

## Rubber Records

Imports at all-time high boost stockpile steadily in era of industry's greatest activity.

RUBBER RESERVES of the United States were increased by 28,000 tons in September. That marks the tenth month of virtually uninterrupted gain, during which time stocks of crude rubber on hand in this country have been built up from 118,535 tons at the end of last November to the present total of 241,358. Such reserves are equivalent to nearly five months' requirements at the rubber manufacturing industry's present rate of activity.

To build this sizable reserve supply has required record-breaking imports because consumption in this country has been exceptionally high over the last 13 months. This period has been the most active ever recorded except possibly for the 15 months ended June 30, 1937. The following tabulation, compiled by the Rubber Manufacturers Association, shows the trend of apparent crude rubber consumption since the start of 1938:

	1940	1939	1938
Jan. ....	54,978	46,234	29,195
Feb. ....	49,832	42,365	29,429
Mar. ....	50,192	50,165	23,868
Apr. ....	50,103	45,268	30,487
May ....	51,619	45,484	27,984
June ....	46,506	47,259	28,947
July ....	47,011	44,975	30,629
Aug. ....	50,234	51,744	40,552
Sept. ....	50,206	51,402	40,183
Oct. ....	.....	57,155	42,850
Nov. ....	.....	55,677	49,050
Dec. ....	.....	49,636	48,143

While apparent consumption has been hiking along at this 50,000-tons-a-month rate, imports have been stepped up steadily with the aid of the international cartel. The control body has been cooperating with the United States in its effort to build the stockpile as this country's imports of 73,028 tons and 78,792 tons for August and September indicate.

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## BUSINESS ABROAD

FOREIGN TRADE · INTERNATIONAL AFFAIRS · FOREIGN INDUSTRY

### Industry Heeds Canadian Lessons

**War experience there foreshadows some of the tighter controls that may be expected as result of defense effort. English restrictions also significant.**

Two OR THREE developments of the last few weeks and the widespread feeling that this country's defense effort will be speeded up as soon as the elections are over, whichever candidate wins, have caused executives to ask what the immediate effects on business may be.

First warning came from Defense Commissioner Knudsen when he told the automobile industry that a bottleneck had developed in the machine-tool industry which probably would make it impossible to retool for new models next year.

Second warning came from Washington when British Purchasing Commission officials appealed to this country to speed up the conversion of the automobile industry for the production of airplanes and engines. So far there is no indication that automobile production need be curtailed to meet emergency demands for airplane engines or tanks. But early this week the War Department (for technical legal reasons) officially asked the 17 airplane companies which are working on government orders to get onto a three-shift basis as quickly as possible (page 34).

#### Crisis Would Precipitate Control

There are no indications yet that industry in this country will be forced very soon to shift from the making of radiators to guns or from stoves to trench bombs. What is likely to come first in any speedup of defense production is a system of mandatory priorities to take the place of the voluntary system now in operation. First industries likely to be hit are machine tools, aviation, special steels, and munitions.

But if a crisis develops quickly either in Europe or the Far East, much more drastic control can be expected. Americans who have more than a thousand branch plants in Canada have been watching what the Dominion has been doing along these lines during the last six months in which war production has been spectacularly speeded up.

Some time ago, the sale of aluminum kitchen articles was prohibited so that all supplies could be shunted to the airplane industry. Sole inconvenience was in the fabricating plants where utensils are

made and in the electric industry, where aluminum wires had been used extensively in recent years in place of copper.

It was no surprise to Canadians that coal was put on a license basis almost as soon as the war started. Canada has little coal and, with supplies from Britain limited by shipping space, imports from the United States were rationed. But Canada has also put rigid controls on the distribution of lumber—of which the Dominion has an abundance—because of the tremendous wartime demands from industries in both Britain and Canada.

Last week, in a talk at Toronto, J. L. Ilsley, the Dominion Minister of Finance, told Canadians that the government is

now finding it increasingly necessary to curtail civilian consumption, and in Ottawa it was rumored that the government would soon prohibit new models in many lines—including automobiles, radios, refrigerators, and household appliances—so that the machine-tool industry would be free to build entirely for defense needs.

And to cope with the housing shortage, particularly in Ottawa and Halifax, the government has appointed a controller to see that rents in 15 key cities are frozen at levels which prevailed on Jan. 2, 1940, except where special circumstances warrant an adjustment.

#### Economy Geared to Defense

England, after a year of war, has gone much further. Many restrictions on consumption are directly due to the fact that Britain depends on imported supplies and is reluctant to allot shipping space to anything but defense necessities. This explains the prohibition on apple imports and drastic curtailment of cotton and woolen textiles for the home market.

While this kind of shortage would not affect the United States, even in an emergency, it has forced a tremendous readjustment in Britain. During last April, the government ordered manufacturers to reduce deliveries of cotton textiles to the home market 25% below 1939 figures. In August this was cut to 37%.

Hosiery, pottery, glassware, and cut-

#### COME ON—BE A METALLURGIST!

When you talk to a Page Fence engineer you will learn important things about metals. He will explain why a choice of fence metals is important to best meet your local atmospheric conditions: heavily galvanized copper-bearing steel, Armco ingot iron, Alcoa aluminum, Allegheny stainless steel. You'll also learn about superior erection service, for he is one of

97 members of the nation-wide Page Fence Association—each a factory-trained, permanent responsible distributor and erector. Write to PAGE FENCE ASSOCIATION, Bridgeport, Conn., Atlanta, Chicago, New York, Pittsburgh or San Francisco, for book on industrial or residential fencing—or both—and name of the association member located nearest you.

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**MODERN MACHINE PLANT**

Koppers Co., Fort Wayne, Ind.

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One story buildings with cranes. Units up to 65,000 sq. ft. Whole or in part. Ideal location. 130,000 sq. ft. 35 acres. R.R. siding. Full descriptive brochure on request.

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EXCLUSIVE AGENTS

SPECIALISTS: Machinery, Equipment & Industrial Plants

NEWARK, NEW JERSEY

### CANADIAN WAR BUSINESS FOR U.S. FIRMS

Canada is spending hundreds of millions for war equipment in United States. Will spend much more under Joint American Defence Agreement.

Do you know where to look for a share of this business? Would you like information on Canadian requirements—on conditions and regulations governing war and defence orders—on any phase of Canada's rapidly expanding business with United States?

Well-connected Canadian source (for many years serving London and New York interests) offers confidential and individual service to U. S. firms.

Box M-296, Business Week  
330 West 42nd Street, New York

## SUSPECTS OR PROSPECTS?

No matter how good your direct mail promotion copy, your results depend on the quality and accuracy of the names on your list.



DIRECT MAIL DIVISION

**McGraw-Hill Publishing Co., Inc.**  
330 West 42nd St., New York, N. Y.

lery—despite the wear and tear of air raids—were classed as non-essentials in June and deliveries at home were ordered cut to one-third last year's levels.

Industry has had to make big adjustments. Minister of Supply Herbert Morrison reported several months ago that in one division of his ministry alone 60 factories had reported a full changeover to government-prescribed war production. Knitting-machine factories are producing cartridge cases; lawn mower makers are turning out armor-piercing shells; one scale manufacturer is making gun carriages.

What war demands amount to is dramatically indicated by Canadian estimates that the British armies are using at least 35,000,000 tons of steel a year and this may have risen recently to 65,000,000 tons.

### Japan Offers New Car

**Hopes to crash markets formerly dominated by Germany's Opel and Britain's Austin.**

TOKYO (Business Week Bureau)—The Japanese are great admirers of American business methods. Because American automobile manufacturers hold their previews and shows in the fall, so do the Japanese. But here the comparison ends. For shows in Japan are not held for the public (which, in the wartime emergency, is not allowed to buy automobiles) but are affairs at which government officials and Army procurement officers sip bitter green tea to the sober technical sales talk of fawning sub-directors.

At the Tokyo Automobile Show this fall, however, the Toyota Automobile Co. had another group of guests among its showroom snoopers—members of a Spanish Economic Mission.

Main objects of interest to the visiting Spaniards were Toyota's smartly-styled sedan and a smaller all-weather phaeton (see picture) with which the firm hopes to crash the markets in the Dutch East Indies, Australia, and New Zealand, where once Germany's Opel and Britain's Austin held sway.

The new model is a departure from Japan's tiny "baby" cars, which didn't sell well abroad because full-sized people couldn't get into them without a shoe horn. For the first time, also, Toyota has abandoned the all-steel body in a civilian model in order to keep costs down in German fashion. Beyond these features, the new model is powered with a 48 hp., four-cylinder engine and has a wheelbase of 98 in., 19 in. more than the "baby" cars. American parts (made in Japan under license) include a Carter carburetor, Delco-Remy ignition, and Bendix starter.

Smaller and cheaper to run than American standard makes, the new car is designed to step in where European competition left off a year ago, is not meant as a challenge in the field now held by American makes.

### Tank Job for Canada

**New \$125,000,000 order highlights industrial expansion that is taxing labor supply.**

OTTAWA (Business Week Bureau)—With Nazi hammer blows at both British industry and civilian population showing no signs of lessening, plans are being rapidly pushed to expand still further Canada's production of vital war equipment. Latest undertaking by the Dominion is the building of 3,000 American-type, 25-ton cruiser tanks—a \$125,000,000 order. The new program is in addition to the



While U.S. auto manufacturers were showing their new models to the public in New York this week (page 17), the Japanese were showing privately their new 48-hp. Toyota, which they hope to sell in markets where the British Austin and German Opel formerly were best-sellers.

British order for heavier tanks now being filled in Montreal, and results from close collaboration between war-equipment authorities of Britain, Canada, and the United States.

Engines for the tanks will be ordered in the United States, but otherwise entire construction will be in Canadian hands. Present plans call for splitting up bodies and parts among a number of plants with final assembly in one centrally-located factory. When actual production begins, Canada will be turning out tanks at an estimated rate of 2,400 yearly.

#### Labor Status Changed

The tank program is only one phase of Canada's industrial war effort, which is expanding rapidly in all directions. The resulting drain on the supply of skilled labor has forced the government to reconsider its stand against exemptions from military training. Previously the only concession granted to industry by Ottawa was deferment of military training for a year when employers made out a clear case of need. Now industry is to be on at least an equal footing with the army. Industrial companies are to prepare lists of essential employees who will be exempted from immediate military training, and some workers, whose skill might be affected by army camp life, will not be called for training.

Canada's control over labor is expected soon to go much farther than modification of the draft. The labor shortage is so acute that it has become impossible to find an unemployed toolmaker, die-maker, or other skilled craftsman to put on a new war job. On Sept. 1 the government index figure for employment stood at 131.6 (1926 equals 100)—the highest point on record, and the number of newly trained workers being turned out is insufficient to meet the demand.

#### Central Control Likely

One step likely to be taken soon is the appointment in the Department of Munitions and Supply of a labor controller with wide powers. Canada now has no centralized scheme of labor control, but the labor controller will be empowered to move any person from one job to another, to fix wages, to curb the very prevalent practice of "labor stealing," and in general to see that war output doesn't fail from lack of key workers.

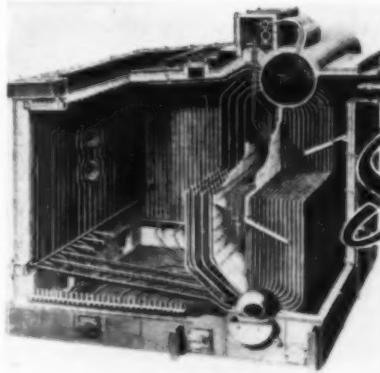
Alongside the system of labor priorities, a stricter control of raw material supplies will be introduced. The entire available supply of aluminum has already been allocated to war industries, and the steel controller has set up priorities for iron and steel, but new restrictions being planned are bound to have a very considerable effect on the manufacturing and sales programs of the non-war industries. In addition to stricter raw material control, government officials are eyeing the highly skilled labor still occupied in the so-called "non-essential" industries.

**PAIRED WITH THE Leaders FOR STEAM ECONOMY**

*The Ham What Am*

by

**ARMOUR and COMPANY**



*The Steam Source*

by  
**COMBUSTION  
ENGINEERING**

Catering to the critical palates of well-fed Americans with food that is pure and plentiful constitutes a great industry with which the name of Armour and Company has long been prominently identified. But to have wholesome food within reach of all the people at moderate prices, imposes on any successful company rigorous standards of economical operation.

Where such a requirement prevails, you'll frequently find equipment built by C-E relied upon as the economical source of steam. And so, at the big Armour plant in East St. Louis there are two C-E Units, the very popular VU Type, each with a capacity of 50,000 lb of steam per hr, and complete with Elesco superheaters, C-E air heaters and pulverized fuel systems employing C-E Raymond Bowl Mills.

These units are but the most recent furnished by C-E. Previous experience of Armour and Company with steam generating equipment built by C-E dates back over many years, another prominent name on the list of American industry to which C-E has supplied such vital equipment.

You, too, can rely on C-E, whether your steam demands be large or small, to plan an installation that will provide economical steam generation.

# COMBUSTION ENGINEERING

200 Madison Avenue, New York, N. Y.

A-68



C-E PRODUCTS INCLUDE ALL TYPES OF BOILERS, FURNACES, PULVERIZED FUEL SYSTEMS AND STOKERS; ALSO SUPERHEATERS, ECONOMIZERS AND AIR HEATERS

## Make words work for you

You are judged by what you say and how you say it. Whether in talk or in writing, in business, social or community activities, you are rated by your vocabulary, your use of words, your ability to handle our language.

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One fact stands out from recent psychological tests of qualities of leadership: even among non-school-trained people the leaders are those with the largest vocabularies.

Fantastic! Not a bit of it. Isn't it true that people nearly always form their opinions of you by what you say? Leaders therefore must necessarily express themselves well or they could not win the good opinion of their groups. That is why Stratton's HANDBOOK OF ENGLISH is so important right now to you.

### New practical book to help you gain this power

Here, in effect, is a dictionary of information concerning troublesome and important problems of speech, writing, grammar, spelling, and pronunciation. Covers literary and grammatical terms, disputed pronunciations, slang definitions, and many other moot questions. Gives advice on what expressions to use, how to use them, how and why words behave as they do, interesting facts about words, fine shades of usage, etc.

## HANDBOOK OF ENGLISH

By

**DR. CLARENCE STRATTON**

352 pages, 6 x 9

"I am ordering several copies for our editorial and secretarial forces. I predict that it will become the authoritative reference work of its kind."

**W. E. BALDWIN**  
President and Editor-in-Chief, Baldwin Law Book Company



Let your tell-tale English be an asset to you rather than a liability —

"The minute he opened his mouth, I knew what kind of man he is". — how often have you yourself said some such thing? How often has something of the sort been said about you? How a person speaks, how he writes, is a distinctly tell-tale index to what he is.

But expressive English is not something one is born with — it is the result of training. You have the possibility of a really competent grasp of expressive English within your easy reach.

Here's how —

Spend ten or fifteen minutes a day reading and mastering just one page of Dr. Stratton's HANDBOOK OF ENGLISH and in less than a year you will have a fund of information on expressive English that will prove priceless to you.

### Stratton's HANDBOOK OF ENGLISH

- An authoritative American guide to correct usage that is interesting, that shows how words work in the living speech of today
- Shows how to avoid awkward expressions, how to distinguish between fine meanings of words, how to pronounce accurately, how to punctuate correctly
- Give many interesting facts about words, presents information about literature that everyone wants to know
- Covers the essential rules of grammar

### Over 5000 entries

The contents of the Handbook represents a great store of usable information, by careful selection of those entries most needed and most likely to be referred to, and by treatment of subject always from the viewpoint of American, rather than English, usage. The approach is fresh as well as authoritative, and the volume is therefore good reading. It should give the reader not only knowledge of how to use language in speech and writing, but confidence in his ability and knowledge.

### How to use the book

If you would spend just ten or fifteen minutes every day — reading and studying just one page of this interesting and stimulating book each day — you would cover the whole book in a year's time. And what a priceless possession would be yours if you could have a complete mastery of the information in this book! Take a little while to check this personally. See the book 10 days free. Send the coupon now.

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330 West 42nd St., N. Y. C.  
Send me Stratton's Handbook of English for 10 days' examination on approval. In 10 days I will send \$2.75 plus few cents postage, or return book postpaid. (We pay postage on orders accompanied by remittance.)

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**\$2.75**

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## Sharing Latin Radio

U. S. firms are making increasing use of local broadcasting chains in South America.

WITHOUT MINIMIZING the importance of United States short-wave radio broadcasts to South America in countering German and Italian propaganda, advertisers seeking to stimulate sales in the Latin American market have not overlooked the possibilities offered by local radio coverage in the various South and Central American countries. There are 42 long and two short-wave stations in Argentina alone, of which 18 are operating in Buenos Aires, and coverage in Brazil, Uruguay, and Chile is nearly as extensive. In addition to individual stations, Argentina has two important chains, Radio El Mundo, with 11 other stations in the interior, and Radio Belgrano with 8 stations in Argentina and one in Uruguay.

Most American companies place their Argentine advertising through four American agencies: N. W. Ayer & Son, Inc., Berg and Co., McCann-Erickson Corp., and J. Walter Thompson. These agencies have pioneered in attempting to improve the quality of commercial broadcasts, and have been instrumental in introducing a new development in South American broadcasting — that of having the advertiser put on his own program, using talent selected by him to do a particular sales job for a particular product. General practice has been, and still is, for the station to provide both talent and programming when a sponsor buys time, thus leaving the advertiser little control over the quality of the programs.

### Advertising Takes 25% of Time

There is a shortage of talent in the Argentine, both of performers and writers, with the result that one writer may be turning out plays or skits for three or four programs a week, while popular performers appear two or three times a week on different programs. Because of this deficiency, ordinary phonograph records are used on a large scale. Broadcasters may sell time to as many as five different sponsors, interspersing rapid-fire commercials for all five sponsored products after each musical number.

Argentine regulations limit commercials to 100 words between each entertainment item, but out of total time on the air about 25% is advertising. There is a difference of opinion among advertising men on whether longer and less frequently repeated commercial announcements, following the pattern of the majority of American broadcasts, or the prevailing system of "spot" announcements, is more effective for the South American market.

Among the most popular programs

recently 24-hour orchestra by West six con- tional played half-hour on by E postcard Brother request the first reetly a the acc

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recently aired in South America were the 2½-hour Stokowski All-American Youth orchestra symphony concerts, sponsored by West India Oil, which also put on the six concerts that Toscanini and the National Broadcasting Company orchestra played in Brazil in June; and the 12 half-hour Mills Brothers broadcasts put on by Essolube. The announcement that postcard-sized pictures of the Mills Brothers would be sent to listeners on request brought 1,000 responses during the first week, all spelling Essolube correctly according to the agency handling the account.

Competition among the various stations to improve the quality of programs is keen, and program managers look to American broadcasting for production ideas. Practically every successful American program has been copied by South American stations at one time or another. Buenos Aires manufacturers of "Orange Crush" have sponsored a quiz show called "Pregunte no mas," modeled after "Information Please," which has proved very popular.

Other programs sponsored by American firms and employing local talent which have proved popular in the past are Goodyear's "Goodyear Parade," "The Voice of Firestone," Federal Soap's variety program, and Bayer aspirin's two half-hours a week of light classical music. Mobiloil sponsors a 15-minute news broadcast similar to the "March of Time." Dubarry cosmetics advertise mostly through spot announcements over all Buenos Aires stations at all hours of the day, seven days a week.

Rates for network advertising are quoted to include talent, which is extremely low-priced when judged by United States standards. Rates for one half hour over El Mundo chain run from \$50 to 800 pesos (approximately \$80 to \$185) depending on the time of day.

## New Almond Products

**U. S. firms taking over paste and oil markets formerly dependent on European supplies.**

ITALY, France, and Germany no longer are shipping almond paste and oil to the United States. California companies are seizing the opportunity to capture markets formerly consuming the imported products.

Paso Robles Almond Products Co., Los Angeles (5610 South Western Avenue) is not only manufacturing almond paste and oil, but has developed new products such as almond butter and almond meal. Because the paste is used for macaroons, cookies, coffee cake and other bakery goods, the company plans to introduce a household package to be distributed through grocery stores.

Almond oil is used in cosmetics and medicinal products. Almond butter is

similar to peanut butter in its uses, and almond meal (made from the cake after pressing) is used in bakeries, as a breakfast food, and as a cleanser and facial pack in beauty parlors. As almond products are extensively used by diabetics, the Paso Robles Company has also been working on a line of health foods.

## Brazil Offers a Crop

**Manioc, used in tapioca and plastics, being standardized for export to the United States.**

ANNUAL IMPORTATIONS of manioc into the United States average around \$5,000,000, practically all of it coming from the Dutch East Indies. Most of it goes into the production of tapioca, although new uses in the plastic industry are being developed, and it is widely used for adhesives, such as the gum on United States postage stamps. Brazil's annual production of manioc is estimated at 15,000,000 60-kilo bags, nearly a million tons, almost entirely consumed domestically, but attempts are now being made to get the Brazilian product into the American market.

Principal difficulty with the Brazilian product has been lack of standardization. Manioc grows wild all over Brazil, and has been collected up to now mainly by

individuals, using primitive methods. The resulting product failed to measure up to requirements of American importers, who came to rely on the plantation-grown, consistently graded manioc shipped here from the Netherlands Indies.

Recently, Sao Paulo's Instituto Agronomico commissioned an agricultural expert to make a survey of American import standards, grading practices, and requirements. On the basis of his report on the American market, attempts will be made to put the production of manioc on a controlled basis so that consistent standards may be adhered to, at least in the export trade. If research seeking expanded uses for manioc is successful, Brazil's enormous potential production may one day provide a source of foreign exchange which will compensate for that country's loss to the Dutch East Indies of most of the world's rubber markets.

## BRIEFED FROM THE CABLES

**LONDON (Cable)**—The enactment of a compulsory contributory insurance bill to spread war risk on private property is expected momentarily. Commodity stocks are already compulsorily insured; the expanded plan will probably extend to industrial plant and other movable property.

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Call Ryerson for quick action on every kind of steel. We have over 10,000 kinds, shapes and sizes of certified quality steels in stock for immediate shipment. Products include structural, bars, plates, sheets, shafting, alloys, tool steel, stainless, tubing, reinforcing, nuts, bolts, etc. . . . Write for 1940-41 Stock List. Joseph T. Ryerson & Son, Inc. Plants at: Chicago, Milwaukee, St. Louis, Cincinnati, Detroit, Cleveland, Buffalo, Boston, Philadelphia, Jersey City.



## Business Week Advertisers in This Issue

October 19, 1940

AETNA LIFE INSURANCE CO.	55
Agency—CHARLES W. HOTT CO., INC.	
AMERICAN GAS ASSOCIATION	24
Agency—KETCHUM, MACLEOD & GROVE, INC.	
AMERICAN TELEPHONE & TELEGRAPH CO.	60
Agency—NEWELL-EMMETT CO., INC.	
AMERICAN TRUCKING ASSOCIATIONS, INC.	27
Agency—THE BLOW CO., INC.	
ARMSTRONG CORK CO.	39
Agency—BATTEN, BARTON, DURSTINE & OBBORN, INC.	
THE ASSOCIATED BUSINESS PAPERS	51
ATCHISON, TOPEKA & SANTA FE RAILWAY	49
Agency—STACK-GOBLE ADVERTISING AGENCY	
AUTOPoint CO.	67
Agency—RUTHRAUFF & RYAN, INC.	
BANKERS TRUST CO.	2
Agency—COWAS & DENGLER, INC.	
JAMES W. BELL & CO., INC.	55
Agency—RICKARD & CO.	
CANADIAN PACIFIC RAILWAY	67
Agency—KENTON & ECKHARDT, INC.	
THE CELOTEX CORP.	40
Agency—HAYES MACFARLAND & CO.	
CHESAPEAKE & OHIO LINES	5
Agency—MCCANN-ERICKSON, INC.	
CLEAN-OMIST CO.	50
Agency—GERALD LESSER	
COMBUSTION ENGINEERING CO.	63
Agency—G. M. BARFORD CO.	
CONNECTICUT GENERAL LIFE INSURANCE CO.	29
Agency—EDWARD W. HOROTHAM & CO.	
RALPH C. COXHEAD CORP.	6
Agency—GREEN-BROOK, INC.	
CUTLER-HAMMER, INC.	10
Agency—KIRKGASSER-DREW CO.	
DICTAPHONE CORP.	41
Agency—MCCANN-ERICKSON, INC.	
E. I. DU PONT DE NEMOURS & CO., INC.	34
Agency—BATTEN, BARTON, DURSTINE & OBBORN, INC.	
THE GEORGE H. EBERHARD CO.	58
Agency—D'EVELYN & WADSWORTH, INC.	
EDIPHONE THE, THOMAS A. EDISON, INC.	34
Agency—FEDERAL ADVERTISING AGENCY, INC.	
ELLIOTT ADDRESSING MACHINE CO.	28
Agency—ALETT & RICHARDS CO.	
EXPOSITION OF POWER & MECHANICAL ENGINEERING, 14TH NATIONAL	4
Agency—O. S. TYSON & CO., INC.	
GENERAL ELECTRIC CO.	12
Agency—LEIGHTON & NELSON	
THE B. F. GOODRICH CO.	1
Agency—THE GRISWOLD-ESHLERMAN CO.	
GUARANTY TRUST CO.	25
Agency—ALBERT FRANK-GUNTHER LAW, INC.	
JOHN HANCOCK MUTUAL LIFE INSURANCE CO.	31
Agency—LIVERMORE & KNIGHT AGENCY, INC.	
A. L. HANSEN MANUFACTURING CO.	58
Agency—J. M. HAGGARD, ADVERTISING	
HASCOS, INC.	62
Agency—UNITED ADVERTISING SERVICE	
HERCULES POWDER CO.	32
Agency—PULLER & SMITH & ROSS, INC.	
HOTEL MAYFAIR	55
Agency—GARDNER ADVERTISING CO.	
HYATT BEARINGS DIVISION, GENERAL MOTORS CORP.	33
Agency—CAMPBELL-EWALD CO. OF NEW YORK, INC.	
ILLINOIS DEVELOPMENT COUNCIL	44
Agency—E. H. BROWN ADVERTISING AGENCY	
INTERNATIONAL BUSINESS MACHINES CORP.	47
Agency—CECIL & PRESSLEY, INC.	
LEHIGH PORTLAND CEMENT CO.	23
Agency—FOX & MACKENZIE	
LIQUDOMETER CORP.	46
Agency—LUCKENA CO., INC.	
MARYLAND CASUALTY CO.	19
Agency—J. M. MATHERS, INC.	
MASSACHUSETTS STATE DEVELOPMENT & INDUSTRIAL COMMISSION	8
Agency—JAMES THOMAS CHIRUBOG CO.	
McGRAW-HILL BOOK CO., INC.	47, 64
THE NATIONAL CITY BANK OF CLEVELAND	57
Agency—MCCANN-ERICKSON, INC.	
NEWELL-EMMETT CO., INC.	46
Agency—NEWELL-EMMETT CO., INC.	
OWENS-ILLINOIS GLASS CO.	4th Cover
Agency—D'ARCT ADVERTISING CO., INC.	
PAGE FENCE ASSOCIATION	61
Agency—REINICK-ELLIS-YOUNGGREEN & FINN, INC.	
REMINGTON-RAND, INC.	3rd Cover
Agency—LEFKOFF ADVERTISING AGENCY	
RUSSELL, BURDSALL & WARD BOLT & NUT CO.	38
Agency—O. S. TYSON & CO., INC.	
JOSEPH T. RYERSON & SON, INC.	65
Agency—AUBREY, MOORE & WALLACE, INC.	
THE SATURDAY EVENING POST	3
Agency—BATTEN, BARTON, DURSTINE & OBBORN, INC.	
WILLIAM SELLERS CO., INC.	43
Agency—WILLARD G. MYERS ADVERTISING AGENCY	
SONONY-VACUUM OIL CO., INC.	9
Agency—J. STIRLING GETCHELL, INC.	
SOUTH BEND LATHE WORKS	37
Agency—LAMPORT, FOX & CO.	
SWEET BRIER ORCHARDS	39
Agency—LONG ADVERTISING SERVICE	
UNITED AIRCRAFT CORP.	33
Agency—PLATT-FORBES, INC.	
UNITED GAS PIPE LINE CO.	21
Agency—BORELL & JACOBS, INC.	
VAUGHAN MOTOR CO.	50
Agency—BEAUMONT & HOPKINSON, INC.	
WARNER & SWASEY CO.	2nd Cover
Agency—THE GRISWOLD-ESHLERMAN CO.	
WESTERN-AUSTIN CO.	51

with anticipated premiums not to exceed two shillings per hundred. Coverage would be retroactive. A state subsidy would be added to funds collected by the compulsory assessment to cover additional cost if air raid damage increases beyond present expectations.

The special commissioner appointed to handle the restoration of London public services has ordered 5,000 Auxiliary Pioneer troops to begin clearance of raid debris. Equipment used by the troops includes mobile cranes ordered from the United States. Material salvaged will be used for the construction of additional shelters and for temporary house repairs. Another salvage scheme being considered contemplates the demolition of derelict property to recover iron and steel scrap. Hitch in the plan has been lack of transportation to get usable material thus recovered to steel works for re-smelting.

**TOKYO (Business Week Bureau)**—Nine years of pinching and scraping to pay for the war in China have left their impression on Japanese business.

Restrictions on the domestic consumption of cotton goods (Japan imports all of its raw cotton) have been relaxed (because textile exports have shrunk) to the extent that a pure cotton towel will be rationed out every year to every Japanese, instead of one every three years. Special towels for business and nursery use containing 70% cotton will be available on a more generous scale, but to prevent bootlegging, they will be marked "For barbers only," "For babies only," etc.

Only 200 telephones will be available this year for installation in private homes in Tokyo and Yokohama (combined population 8,000,000) because of difficulties in obtaining materials for new lines. In addition, 3,700 installations have been sanctioned for offices and factories working for national defense. A Diet member complained in Parliament early this year that he has been waiting for a telephone installation since 1918.

**OTTAWA (Business Week Bureau)**—Private broadcasting stations are going to win a partial victory in their fight against government-owned Canadian Broadcasting Corp.'s proposal to monopolize news broadcasting and prohibit sponsored newscasts (*BW*—Sep 21 '40, p. 49). A CBC decision will be handed out soon permitting commercial stations to broadcast news under sponsorship but barring advertising plugs for the sponsor's products. The sponsor's name and business may be mentioned at the beginning and the end of the newscast but his wares may not be touted. Commercial stations may obtain their news from agencies approved by CBC, which means British United Press and Transradio. Moreover, their news broadcasting must be at times which do not conflict with the national, unsponsored news broadcasting of CBC.

Some time ago, under pressure from certain interested quarters, CBC decided to take all news broadcasting except local and sport into its own hands. This would have barred private stations from broadcasting war and other international news received from BUP and Transradio. The commercial broadcasters and the news services supplying them put up a fight and CBC backed down part way.

## THE TRADING POST

### That "Profit System"

MANY WORDS have been spent to explain how sustained technical progress keeps hammering back the barriers that otherwise would limit opportunity. But rarely has the job been done more patly than by Harvey S. Firestone, Jr., the other day.

He was talking to the Boston Conference on Distribution. He said:

"Not long ago, in a small town in Montana, several automobiles of 1907 model were discovered in a warehouse. None of them had ever been driven. Mechanically, they were as good as the day they left the factory. The original price-tag on these old automobiles was \$3,000 each. Yet, at public auction they sold for only \$25 apiece. Such is the swift course of progress. The automobile that you buy today did not exist at any price 25 years ago. Men simply had not learned how to build so good a car in those days."

Then Mr. Firestone went on to show how today's very superior products are made available through much lower prices to many more people. He cited tires.

"In 1913," he said, "a first-quality tire for a popular make of motor car retailed at \$22.80 and averaged 3,500 miles of service. Today, a first quality tire for the same make of car sells for \$14.05 and averages 25,000 miles. Therefore, a tire buyer today pays only one dollar for the same amount of tire service that would have cost him more than \$12 less than 30 years ago.

"In every major industry, the story is much the same; a relentless search for new processes and new products. And it is the consumer who benefits, as evidenced by the fact that during the last 10 years retail prices have decreased nearly 25%, while industrial raw material prices have decreased only 18% and hourly wage rates have actually increased 22% during this same period."

That is a dynamic economy at work, as distinguished from a mature or static economy. And so long as that process is encouraged we shall not need to worry about tomorrow's opportunities. It's when we begin to obstruct that process, when we begin to starve the incentives that activate it that we must begin to worry about our opportunities.

The most dangerous threat to the American system is not the attack of those who openly advocate some other program. The really dangerous operators are those who give lip-service to the American system but do their sly best to make it unworkable. They are the people who profess to "believe in the profit system," provided no one makes any profit. Naturally they don't expect to get away with it quite so bluntly.

So they endorse the profit system and talk glibly of "curbing its abuses." Which is O.K.—if it meant what it says. But in practice most of their curbing is directed

at the amount of the profits rather than at the abuses. For these questionable champions of the profit system always talk as though profits were assured to every business, as though the only danger lies in what they call "excessive" profits. Somehow they never seem to worry about "deficient" profits or losses.

What they carefully conceal from the people is the fact that our system is not a "profit" system at all; it is a "hope-of-profit" system, that's all. It is this *hope* that keeps our economy a dynamic economy, an expanding economy, an ever richer economy. Kill that hope and you have a static economy, a restricted economy, a "take-in-each-other's-washing" economy. For who will risk greatly for a dubious reward? And in all the talk of limiting profits, "to save our system," no one yet has spoken for limiting losses. Yet, in all honesty, the two must be considered together like the two sides of a coin. Any coin that doesn't carry both a head and a tail is a fraud—it is found only in the hands of cheats.

No, it is hard to escape the suspicion that those who are so keen to curb the profits of the so-called "profit" system, without regard to the inevitable losses of that same "profit" system, are in fact chiefly interested in starving that system until it can't work. Just accept their principle, give them a little time, and the job will be done—before we have any idea what's going on.

It's like the farmer who grudged his mule's feed. It just seemed to him that mule ate too much, that it could get along on less. Maybe, to begin with, just a *little* less—but definitely less. So he cut down on the feed—just a little. The mule seemed to work just as well. There, he said, just as I thought, that mule's been getting too big a share of what we've raised. So he cut down the feed a little more—and a little more. Step by step went the cutting. The "excessive" feeding was being "regulated." And the mule still struggled through the day's work, the instinct to survive being strong in mules as in men.

Then, just as "regulation" reached the point where the feed was all but eliminated, the mule, for no apparent reason at all, up and died. As some of our "liberals" would put it, there was a "strike of capital"—for after all, the mule was the farmer's capital.

Then this regulator of excessive profits had to cultivate his farm without his mule—by the strength of his own back. He had "saved" on the mule's feed, but because he carried the "saving" to the point of starvation, he had to work a lot harder in order to have a lot less.

There is a moral to this yarn. W.T.C.

## Announcing the new liner

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The fast new turbine-drive *Awatea* joins the distinguished *Aorangi* in a regular monthly service from Vancouver to Hawaii, Fiji, New Zealand, Australia. Connections at Honolulu from California ports. Approved for U.S. citizens. Your travel agent or Canadian Pacific: 41 offices in the U.S. and Canada.

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# BUSINESS WEEK

*With Which Is Combined The Magazine of Business*

October 19, 1940

19

## We Are All Registered

**A**MERICA REGISTERED 16,000,000 of its young men this week for possible military service. Britain has more than 3,000,000 men under arms for home service, and Mussolini has boasted that he can put 8,000,000 in the field. Japan counts in the millions the soldiers who man its defenses from Manchouli to Haiphong. And yet, nothing can be more certain today than that this is primarily a business man's war, not a soldier's war.

Washington this week challenged Tokyo in unequivocal terms to a showdown in the Far East. Our outposts in the Pacific were strengthened with a few additional troops so that there could be no failure on the part of the Nipponese to understand that we mean business. But there was no withdrawing of ambassadors, no diplomatic clash. Washington knew that it could speak no more forcibly than by a complete embargo on an essential war material which Japan needs desperately and which no other country at present is prepared to supply. So we have cut off a market for scrap iron that was worth \$32,000,000 to American exporters last year. Our first skirmish in the final showdown in the Orient is being fought with an economic weapon, not with men or guns.

It is possible, if Tokyo refuses to acknowledge this week's warning from Washington, that the United States will impose a complete embargo on all trade with Japan. If this drastic step is taken, it means giving up our third largest foreign market, the destination for more than \$7.50 worth out of every \$100 worth of our exports—our biggest market for cotton and one of our best outlets for all kinds of machinery. But it was the Japanese business community which squirmed and protested when Washington dropped the hint, not the business men in this country who stand to lose the trade.

**T**HE WAR IN EUROPE is also a business man's war. While Hitler's roaring bombers aim at Britain's demonstrated industrial power, Nazi industrial generals are feverishly working on new schemes to stretch scanty supplies of raw materials and agricultural specialists are scouring the Danube basin for supplies of fats and foods and fibers.

As Germany digests the lesson that continental military victories are not enough, Hitler's "dictator of the automotive industry" is busy standardizing production in the effort to get more from his workers and his raw materials, and in shorter time. Since the beginning of this year he has forcibly reduced the num-

ber of models of passenger cars which can be made in Germany from 52 to 20, and the number of truck models from 113 to 19. At Hamburg and Bremen, the great shipbuilding yards have been hopefully put in the hands of another industrial dictator with instructions to start the mass production of a few standardized models of merchant ships "to handle Greater Germany's expanded foreign trade after the war."

But down in the Balkans other Germans are struggling with problems of the present. Berlin is entering the second war winter with storehouses filled with the fruits of victory from a prosperous Scandinavia and a lush Holland. But these countries were small, and the new supplies didn't stretch far in populous Germany. Even toilet paper and mops will be rationed in the Reich this winter and the rations will be skimpier unless Germany can break the blockade or find fresh supplies in newly-dominated countries.

**I**N EVERY COUNTRY much of the responsibility for the outcome of this war rests on business. But it is American business that will be in the limelight in the second year of war. If Japan refuses to be cowed, and strikes at our trade interests and supply bases in the East, our business must be prepared to withstand the loss of markets and keep the defense industries operating full blast on quickly-developed substitutes. If this country continues to believe in all aid for Britain short of war, it must be ready to fill any supply breach that may be caused by bombing damage in England. If this country is going to be guardian of the Western Hemisphere, industry has much of the responsibility of making it into a real fortress. And finally, if this country is to be ready to fight any economic war which may follow the peace—any peace—American business leaders must have the vision and the drive to prepare industry for its later tasks.

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C

19